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Daily Report

Latin America

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FBIS-LAT-94-222 *17 November 1994*

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Central American Vice Presidents Prepare for Miami Summit

PA1711040794 San Salvador LA PRENSA GRAFICA in Spanish 16 Nov 94 p 3A

[FBIS Translated Text] Some of the topics being discussed by the Central American vice presidents include measures to support the Alliance for Sustained Development and to seek a joint position on Proposition 187, which will then be presented to U.S. President Bill Clinton at the Summit of the Americas to be held next month in Miami.

During the opening address of the 23d meeting of the vice presidents, Salvadoran Vice President Enrique Borgo Bustamante said the regional vice presidents will discuss the agreements reached by the Central American presidents at their most recent summits, focusing on the sustained development of their countries. Such agreements include the one reached in Guacimo, Costa Rica; the ecological summit in Managua; and the International Conference on Peace and Development held in Tegucigalpa.

Dr. Borgo Bustamante said: "Sustained development constitutes an overall initiative of our governments in the political, moral, economic, social, and environmental fields, which are defined in an action plan through which the Central American nations hope to become a zone of peace, democracy, and development."

He added that the Alliance for Sustained Development responds to an updated view of the region and defines the framework for implementing a regional strategy based on the coordination of mutual interests and the guaranteeing of human rights in support of the development of the people.

Concerning one priority on their agenda, they also will discuss the impact of the implementation of the anti-immigration Proposition 187. "The nations of Central America are going to take a joint position to Miami and exert pressure to prevent Proposition 187 from going into effect," he remarked.

Regarding border development projects, strengthening of the vice presidents forum, commercial relations in terms of the regional integration process, the heightened participation of civilian society, and agriculture-livestock development are among the other topics to be discussed by the vice presidents during the meeting that ends today.

At the event, San Salvador Mayor Mario Valiente delivered the keys to the city to Vice Presidents Arturo Herbruger of Guatemala, Guadalupe Jerezano of Honduras, Rodrigo Oreamuno of Costa Rica, and Virgilio Godoy of Nicaragua.

Honduran Vice President Guadalupe Jerezano declared that "Proposition 187" must be included in the current discussions, adding, "we must express our solidarity with our fellow Latin Americans, because it is a measure that runs against human rights."

She termed Proposition 187 an unfair measure and said the vice presidents have the responsibility to support immigrants.

Meanwhile, Costa Rican Vice President Rodrigo Oreamuno said the proposals made at the current meeting "must be related to sustained development." He said this includes "the fight against poverty, consolidation of national institutions, the struggle against corruption, and the harmonious development of society with nature."

The Costa Rican vice president also said the meeting will contribute to strengthening the proposals of the Central American countries. A strategic framework to promote hemispheric economic integration and to consolidate democracy will be discussed at the Summit of the Americas.

Central America Adopts Joint Position

PA1711030694 San Salvador Canal Doce Television in Spanish 0100 GMT 17 Nov 94

[Report by Mario Jovel; from the "Up-to-Date" newscast]

[FBIS Translated Text] The 23d meeting of Central American vice presidents has concluded in San Salvador with a joint declaration in which they pledge to strengthen democratic processes, fight poverty, and clean up the region's environment.

As expected, the preparatory meeting adopted a joint position in advance of the upcoming hemispheric summit in Miami. The Central American vice presidents concluded their work by issuing a joint declaration in which they welcomed the approval of the Alliance for Sustained Development as the basis for a new qualitative model for the region.

Among other points, they committed themselves to supporting and contributing to sustained development through short- and long-term joint action programs, which ultimately will turn the goal of sustained development into an overall strategy for the region.

[Begin unidentified speaker recording] We reaffirm the necessity of strengthening democratic processes and guaranteeing respect for human rights in the region, to fight poverty, and to encourage the modernization of production in an effort to benefit all sectors of our society. [end recording]

They also endorsed regional projects, such as electric power networks and the expansion and modernization of telecommunications, particularly through the use of fiber-optics, and they ordered the Central American Economic Integration Secretariat to present a report at the next meeting on ways to eliminate barriers that impede the flow of merchandise and vehicles in the

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region. Apparently, no specific deadline was established for initiating or completing the process of lifting of these barriers.

[Begin unidentified speaker recording] In the case of transportation and telecommunications, there will be exchanges among public works and transportation ministers who will be in charge of achieving this goal. In the case of improving communications, we also will seek the assistance of various national agencies. [end recording]

In the same declaration, the vice presidents came out against Proposition 187, which in their opinion discriminates against the human rights of undocumented aliens residing in California. In turn, they called on the North Americans to prevent the initiative from going into effect, because it will harm Central American development.

Mercosur State Banks Sign Protocol Creating Banasur

PY1611162994 Buenos Aires TELAM in Spanish 1857 GMT 11 Nov 94

[FBIS Translated Text] Buenos Aires, 11 Nov (TELAM) — The Banasur (National Banks of the South) banking network was created today with the signing of a Mutual Cooperation Protocol that was signed by the presidents of the four official banks of the Mercosur [Common Market of the South] member countries.

The protocol was signed by the president of the Bank of the Nation, Aldo Dadone; Bank of Brazil, Alcir Calliari; the Paraguayan National Development Bank, Mario Melgarejo Rodriguez; and the president of the Bank of the Oriental Republic of Uruguay, Julio Dalla Rosa.

At the beginning of the signing ceremony, which was held in the Marble Room of the Bank of the Nation, Dadone welcomed his colleagues, and he stressed that "the largest Latin American banking network will be created with the signing of this protocol."

"With the incorporation of the Paraguayan National Development Bank, with this protocol, which had already been approved by the other three banks, we are implementing a staunch project that will encourage trade within the Mercosur and with other countries," Dadone said.

The other three bank presidents agreed with the objectives outlined by Dadone, and they stressed the need to strengthen regional integration and the welfare of the population.

The granting of mutual lines of financial and trade credits, the promotion of the exchange of personnel for training purposes, and the promotion of trade within the Mercosur are among the main aspects of the protocol.

The support of the four banks for existing binational enterprises or binational enterprises that are to be created within the Mercosur and the placing of the network of branches and offices at their disposal is also included in the document.

The exchange of technical, economic, and normative information between the four banks in order to provide assistance to the enterprises that plan to develop industrial, trade, or investment activities is also contemplated in the protocol.

The protocol's seventh clause emphasizes the need to "make better efforts to perform jointly in the administration of Private Pension Funds."

The four banks jointly have a total of 5,522 branches, with 4,700 of them belonging to the Bank of Brazil, that will serve each country as agencies of the other banks.

It is hoped that the obstacles that confront the businessmen of the four countries when they want to carry out financial or economic operations will now be eliminated.

The signing of this protocol had been scheduled for September 1994, but the economic and political evolution in Brazil, especially after the implementation of the Real Plan, prevented the protocol from being signed at that time.

Dadone stated that mechanisms have been outlined for the pre- and post-financing of the export and import of products within the area of Mercosur, and for the shared financing of joint undertakings of companies within the four countries.

He also added that the network of branches will permit the clientele of each of the banks to carry out business deals in the other countries knowing that there will be sufficient information and support.

After the signing of the protocol and a chat with the media, the four presidents discussed the next steps that will be taken by Banasur, especially the agenda pertaining to technical topics that the four banks must prepare for the next meeting.

This meeting of the four presidents will take place in Brazil, where they will sign an agreement noting the topics that will have been discussed by the work committees, which will start their tasks immediately, Dadone explained.

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Cuba

UN High Commissioner for Human Rights Arrives

PA1611144594 Havana PRENSA LATINA in Spanish 0746 GMT 16 Nov 94

[FBIS Translated Text] Havana, 16 Nov (PL)—Jose Ayala Lasso, the UN high commissioner for human rights, will begin his visit to Cuba today with a first round of talks with Cuban Foreign Ministry officials.

Ayala arrived in Havana last night for a four-day visit to the island, upon invitation from the Foreign Ministry. He was welcomed at the airport by Isabel Allende, the Cuban deputy foreign minister, and representatives of several UN organizations assigned to the Caribbean nation.

Upon arrival, the high commissioner expressed his gratitude for the invitation and confirmed the main issue for his visit was to study the promotion of human rights with the local government.

The official announced he will also meet with the foreign, justice, and education ministers and with the vice president of the National Assembly of the People's Government and other officials.

PRENSA LATINA has learned other activities scheduled for today include interviews with representatives of Cuban nongovernment organizations, students, and the assistant attorney general.

The official will meet intellectual leaders, workers, union leaders, foreign diplomats, and journalists during the next few days.

Ayala will conclude his visit to Cuba on the morning of 19 November.

'Pleased' With Visit

PA1611193494 Havana PRENSA LATINA in Spanish 1746 GMT 16 Nov 94

[Report by Javier Rodriguez]

[FBIS Translated Excerpt] Havana, 16 Nov (PL)—Jose Ayala, the UN high commissioner for human rights, said in this capital today he is pleased with his official visit to Cuba.

Replying to a PRENSA LATINA question, following the first round of talks with Cuban Foreign Minister Roberto Robaina, Ayala said his schedule has been satisfactory, and he assured his visit will be productive.

The visitor met for nearly two hours with the Cuban foreign minister and then met with Justice Minister Carlos Amat and completed the first part of the day with a luncheon offered by Robaina.

The schedule includes for the remainder of the day a meeting with intermediate level students and a meeting with representatives of nongovernment organizations, including the Movement for Peace, the National Union of Jurists, various study centers, and the Federation of Cuban Women.

We have learned Ayala will meet with Attorney General Juan Escalona during the evening. [passage omitted]

Robaina: 'Country Has Nothing To Hide'

PA1611195294 Havana PRENSA LATINA in Spanish 1825 GMT 16 Nov 94

[FBIS Translated Text] Havana, 16 Nov (PL)—Foreign Minister Roberto Robaina said today Cuba did not condition a visit by Jose Ayala Lasso, the UN high commissioner for human rights, because the country has nothing to hide.

Robaina, who started official talks with the visitor this morning, was questioned by journalists upon his arrival at the Foreign Ministry in this capital.

He said the government of the island wants to cooperate with the United Nations and with the structure created to promote human rights by helping to make it credible.

Robaina said his country has a much to say about this topic and also has many questions about it, because the issue is highly politicized.

We want to trust the UN mechanisms and the new structure, and this point is why we have invited Ayala, he said.

Before starting talks with the Cuban foreign minister during the morning, the commissioner listened to the opinions and proposals on human rights from various individuals at the regional headquarters of UNESCO.

According to participants in this meeting, one of them said it is possible and advisable to release from prison citizens charged with crimes against state security.

In response to a journalist, Robaina said he does not believe an amnesty is possible, and he mentioned a campaign mounted by enemies of the country who claim everyone who differs with the government is imprisoned.

After stressing the political nature of that propaganda, Robaina said it takes much manipulation to inflict damage on the Caribbean nation.

Vatican Official Arrives in Havana

FL1611213494 Havana Radio Progreso Network in Spanish 1200 GMT 16 Nov 94

[From the "First Thing" program]

[FBIS Translated Text] Cardinal (Roger Echegaray), president of the Vatican's Pontifical Commission for Justice and Peace, arrived in Havana City last night. Echegaray will conduct a four-day pastoral work visit to Cuba.

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U.S. Lifting of Bosnia Embargo Criticized

FL1711003494 Havana Radio Rebelde Network in Spanish 1255 GMT 16 Nov 94

["Our Opinion" commentary by Eduardo Dimas; from the "Doing Radio" program]

[FBIS Translated Text] Frankly speaking, the announcement of some policies can be surprising and strikingly absurd at times, even when they are announced beforehand. This is what occurred with President Bill Clinton's decision to unilaterally lift the arms embargo on Muslims in Bosnia-Herzegovina. It would seem that the current U.S. administration is trying to distnace itself from its European and NATO allies by taking such a step.

To accept this deicision, one would have to believe that the current U.S. president and his advisers have taken leave of their senses, which is of course not true. One then considers other obscure reasons for it. Perhaps some secret commitment to Middele East governments or to some Eastern country bordering on Europe helped make them decide to aid Muslim brothers in Bosnia.

I repeat: This step is completely absurd in view of U.S. interests in Europe, and above all, threatening to its leadership in NATO. We must not forget that the United States recently scored important political successes in the Middle East. The most recent one is the peace treaty between Jordan and Israel. I am not saying that this has anything to do with it, but one never knows. The news, disseminated on 12 November, provoked immediate protest by members of the Union of Western Europe, who pointed out that—and I quote—the U.S. decision will have serious consequences in Transatlantic solidarity because it demonstrates that the United States and the European Union have different interests or political visions in matters vital to European security.

To the European Union, the United States' unilateral decision could unleash a humanitarian disaster in the heart of Europe. The truth is that it is a very dangerous step because in addition to the escalation of conflict it can provoke, it could bring reprisals against the peacekeeping forces that many of those nations have in Bosnia-Herzegovina.

The other interesting fact is that the United States is violating a mandatory UN Security Council accord, which must be observed by all the states. This could cause the rest of the permanent European members not to support resolutions sponsored by the United States. It further creates a precedent harmful to the United States' future political interests, because I have heard that they dominate the UN Security Council's decisions.

On the other hand, it is impossible to ignore the fact that the Clinton government is characterized as dubious. But this mistake is just too big. That is why it is more conceivable, as I said in the beginning, that they are fulfilling a commitment to some Arab government. I have heard that many volunteers from those countries are fighting in Bosnia and that there are historic Muslim interests in that zone of the Balkans. That is why it is impossible to discard the possibility that other U.S. interests are behind this step. Which one? I do not know for certain. If you want my opinion, the U.S. decision to unilaterally lift the arms embargo against Muslims in Bosnia-Herzegovina is a step that will bring more problems to the European governments. U.S. influence over its allies in Europe and Nato will undoubtedly diminish, at least temporarily.

Brazil Expresses Little Hope in Miami Summit

FL1611194694 Havana Radio Progreso Network in Spanish 1200 GMT 16 Nov 94

[From the "First Thing" program]

[FBIS Translated Text] Paulo Tarso Flecha de Lima, Brazilian ambassador in Washington, has stated that the Brazilian Government has very little hope in the so-called Summit of the Americas, organized by the United States and scheduled to take place in Miami next month.

Hungarian Foreign Ministry Official Visits Havana

FL1711001394 Havana Radio Reloj Network in Spanish 2038 GMT 16 Nov 94

[FBIS Translated Text] Cuban Vice Foreign Minister Isabel Allende has said in Havana that Cuban-Hungarian relations are on the road to normalization. Allende made this comment on the occasion of an official visit by Zoltan Pereszlenyi, deputy secretary of the Hungarian Foreign Ministry. Pereszlenyi is visiting Cuba to expand agreements between Havana and Budapest.

Allende pointed out that last February, Luis Arcil[illegible] director of the Europe Desk of the Foreign Ministry, visited Hungary and personally delivered a letter of invitation to Pereszlenyi.

Pereszlenyi's visit creates an opportunity for the highest level of dialogue between Cuba and Hungary in recent years. Pereszlenyi will also meet with officials from the Foreign Trade and Public Health Ministries; the Ministry of Science, Technology and Environment; and the Ministry of Foreign Investment and Economic Cooperation.

Minister Opens Seminar on Modernization of Mining Laws

PA1511235494 Havana Radio Havana Cuba in Spanish 0000 GMT 15 Nov 94

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Cuban Basic Industry Minister Marcos Portal said in Havana that the geological investigations conducted in the country for 30 years and the

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training of personnel have been the keys to recent progress in Cuban mining negotiations.

Inaugurating a seminar on the modernization of mining legislation in Latin America and the Caribbean, Portal told participants that the geological investigations in question made it easier for Cuba to lease 40 percent of its territory. Portal underscored that the basic principle of the leasing process is the economic risks it entails, which many companies in the world have come to accept and, in spite of which, they have leased lands because they have confidence in the country.

Portal said that over the past few months, negotiations have been under way to merge a Cuban nickel plant and a Canadian nickel and cobalt refinery, a deal that he described as interesting and complex and which, he said, will result in a multinational firm that will share both properties.

A draft of Cuba's mines law, which is still under consideration by parliament, was also presented at the meeting. This law favors the development of national mining by encouraging foreign investment, while preserving Cuba's sovereignty over its natural resources.

Cuba at present lacks the finances, and it often lacks the technology, to exploit its riches. Therefore, the alternative is to share its resources while protecting the nation's interests.

Attending the seminar on the modernization of mining legislation in Latin America and the Caribbean are businessmen and well-known mining figures from 20 countries in this continent, South Africa, and Australia.

Rosales del Toro Interviewed on Visit to Vietnam

FL1711011494 Havana Radio Rebelde Network in Spanish 1255 GMT 16 Nov 94

[Telephone interview with Division General Ulises Rosales del Toro in Hanoi, Vietnam, by correspondent Jose Gabrido, in Havana; from the "Doing Radio" program—live]

[FBIS Translated Text] [Gabrido] We have established contact with Hanoi, Vietnam. On the other end of the line is Division General Ulises del Toro, chief of the General Staff of the Revolutionary Armed Forces [FAR] and first vice minister of the FAR. Rosales del Toro heads a high-ranking military delegation visiting that friendly country. General, can you hear me? Good morning.

[Rosales] Good morning, Gabrido, I can hear you loud and clear. Greetings to all the comrades of the "Doing Radio" program.

[Gabrido] Thank you, General. Before anything else, we want to hear your evaluation of this visit to the sister nation of Vietnam.

[Rosales] Well, we are honoring an invitation by the Vietnamese Defense Ministry. Following the tradition of exchanging visits, it was my turn to visit the country. Not only have we been able to see all the things linked to defense and the Vietnamese experiences, which as you know are very rich and beneficial to us, we have also been observing the entire process linked to the social and economic development of this country. Can you hear me?

[Gabrido] Yes, I can hear you fine. Now we would like for you to tell us something about other matters. We know that the FAR in Cuba is closely linked with the productive sector—in other words, with everything having to do with the agricultural-livestock development of our country. Will your visit to Vietnam help you gain experience in agricultural-livestock industries in that country?

[Rosales] Well, first of all, we visited the Ministry of Agriculture. We saw the experience of the comrades here in agricultural-livestock production, and we visited the military regions, the municipalities. We visited the villages, observed the experiences of the military, which has its own self-sufficiency farms, how they solve problems while maintaining defense readiness, and how they guarantee production for their nutrition and also to help the economy. They help the national economy. In this case, they are just like us. But I am also referring to the troops.

[Gabrido] General, according to your program, what can you tell us about your plans for the rest of your stay in Vietnam?

[Rosales] Well so far, we have met with party and government officials. We have met with military organizations. Today we concluded our work schedule in the Hanoi area. Tomorrow we will travel to the Ho Chi Minh area in the south where we hope to visit places of combat experience that can help us, from the point of view of organizing the people's war.

[Gabrido] General, we would like to ask you about the benefits that this high-ranking delegation will obtain from its stay in Vietnam.

[Rosales] There are many benefits. Firstly, coming to Vietnam allows us to learn about their combat experiences. It also allows us to observe everything they are doing to solve economic problems, which is also of great importance to us. Secondly, we can exchange experience on issues related to defense and security, particularly aspects related to territorial defense—in other words, the ideas of the people's war, the use of the troops, and issues regarding training.

Aside from this, during our tour we have had the opportunity to speak to the Vietnamese people and witness the enduring solidarity they manifest in their love for the Cuban people and the efforts they make in support for our people as a symbol of friendship and brotherhood, which has always characterized this people.

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[Gabrido] General, at this moment the entire country is listening to you. It is 0814 local time, Wednesday, 16 November 1994. I am sure you know of the effects of Tropical Storm Gordon especially on the eastern portion of the island, which luckily is getting further away from us and is about 280 km from Havana City. It must be approximately 2015 local time in Hanoi.

[Rosales] Yes, it is 2015 here and, yes, we have heard about Gordon, and we are convinced that the eastern provinces, as is customary, will overcome all difficulties.

[Gabrido] General, would you like to send a message to the soldiers of the FAR?

[Rosales] I want to greet the combatants of the FAR and express our faith that our soldiers are ready to help the people overcome the effects of Gordon.

[Gabrido] Thank you, General.

Robaina Urges Global Assistance in Storm Relief

FL1611194494 Havana Radio Progreso Network in Spanish 1200 GMT 16 Nov 94

[From the "First Thing" program]

[FBIS Translated Text] Fernando Remirez de Estenoz, Cuba's permanent representative to the United Nations, has announced that Foreign Minister Roberto Robaina sent a letter to the international community requesting contributions to Cuba for aid in overcoming the effects of Tropical Storm Gordon. Robaina's letter was sent to Peter Hansen, joint secretary general of humanitarian issues and emergency aid coordinator [title as heard] of the United Nations.

Castro Visits Hotel Workers After Storm

FL1611194594 Havana Radio Progreso Network in Spanish 1200 GMT 16 Nov 94

[From the "First Thing" program]

[FBIS Translated Text] In the early hours of 15 November, Commander in Chief Fidel Castro visited the Cohiba Hotel and had an emotional meeting with workers of the Blas Roca Calderio Contingent. Castro was briefed on the effects the hotel, and the surrounding area, had suffered due to Tropical Storm Gordon.

Tourist Workers Advise Castro of Health Donations

FL1611213794 Havana Radio Progreso Network in Spanish 1200 GMT 16 Nov 94

[From the "First Thing" program]

[FBIS Translated Text] On 15 November, Cuba's tourist sector workers sent a letter to Commander in Chief Fidel Castro informing him that they have donated over $500,000 to Cuba's health system to date.

Duties, Organizations of People's Councils Detailed

Spanish No 19, 16 Sep 94 pp 38-41

[Article by Susana Tesoro]

[FBIS Translated Text] From the human to the divine, the chairpersons of the CP [People's Councils] cover more than one piece of rough terrain, some which may be similar to the story of the **Good Seed**.

Officially created on 10 October 1990 as a government link to control and monitor administrative work, they have experienced many problems during this very difficult period for Cuba. One problem is that many people do not understand their true function, and another is that some administrations ignore, at times deliberately, the authority of these government units.

BOHEMIA's surveys of chairpersons of these councils, officials, administration representatives, and residents who wanted to express an opinion reveal that a large number of citizens still do not know what People's Councils are, and consequently, how much people can benefit from their efficient operation. What is responsible for this situation?

For many years, of course, everything related to the community was identified—and still is—with the words "Poder Popular." Cafeterias, bakeries, shops, even trash collection and funeral service vehicles bore the PP [People's Government] logo.

People know the functions of the delegate, but many do not know that in order to decentralize government, nearby districts were grouped together to form People's Councils, whose members are delegates and representatives of mass political and other basic organizations in the area. That group elects—from among the delegates—the council chair. The number of districts in one council, and the number of councils per municipality depend on the characteristics of each area.

It seems that the root source of this ignorance in some persons has also led to a confusion of the council's functions with those of the administration. In practice this means that when some service or administrative group does not solve a problem or works poorly, people "blame it on the delegate."

On this issue, Orlando de la O. Navarro, chairman of the Plaza Council, believes that at times there is a form of propaganda that is not helpful. "I see press reports in which everything is shown through rose-colored glasses and seems to be going so well that I feel very inept when I see all the problems in my territory." There are also complaints that the press sometimes reports that a council took a particular action. But a council does not act, it manages; it is the administration that acts or does not act.

I really do not agree with the chairman of the Plaza Council. With the reservation that we journalists must

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be accurate, objective, and avoid error as much as possible, the practice of sugarcoating reality is a habit as harmful as it is widespread. And judging the issue as he does means getting bogged down in details and not seeing the situation as a whole.

Still, Deputy Irma Barreras, former president of a council in Boyeros and now an official in the National Assembly, says there will always be a sector in the population that is not interested in knowing the government's structure and functions, and those people can not be the yardstick by which the rest are measured.

Everything seems to suggest that the CP's functions of oversight and control are not always achieved, sometimes because of the internal workings of the council itself, and because its members are concerned with administrative work. In addition, the delegate, who should serve as a fundamental support for the council chairperson, at times does not play his role.

We can not ignore that reality. When we elect our delegates, as we look for citizens of good reputation, we select some who have such serious responsibilities that they impair their real possibilities of performing their government functions adequately.

Idalberto Acuna, former chairman of Cayo Hueso and current president of the Municipal Assembly of Central Havana, disagrees with having inspectors belong to the same entity which they inspect. He believes they can not serve as both judge and party to a dispute.

Corinthya Estrada, a National Assembly deputy, chair of a CP in Boyeros and a founder of this government link, says that they know what their obligations are but are unable to meet them, essentially because of the great administrative deficiencies that exist. Another limitation, she says, is that "we are not understood by some organizations, sometimes not even by local PP organs."

The Supposed Counterweight

To make the administration's work more effective in the CP, in almost all important actions officials are involved who represent these entities before each CP.

Most of the CP chairpersons interviewed say there is no policy of cadres working with the representatives. This is reflected in the inability of many area leaders to deal with and solve all the problems they face.

We asked the extent of a council chairperson's authority to remove an area leader or any other administrative official who is not doing a good job.

"We have authority," said Pablo Meneses, chairman of the Prado Council in Old Havana, "but it is not very easy to enforce it. Take the following example: one representative was removed because of a protest and then another council from the same municipality was appointed to handle the same activity."

After these opinions were expressed, we decided to learn the views of two provincial directors of areas as important to the population as food services and other services.

Emilio Vega, deputy and provincial director of food services in the City of Havana, told BOHEMIA:

"There is a good deal of accuracy in what the council chairmen say, for when an administration is weak, the council has to take on the responsibility for administration, and I think the error lies in taking over that job. They need to make the administration do what it is supposed to do."

"It is also true that if you try to get someone removed by reporting incorrect actions, you have to be ready for trouble yourself."

Roberto Perez, provincial director of services, says that eight months ago service areas were created in each council in the capital, thereby combining in a single person—at the council level—what before had to be discussed with 21 directors of different services. He agrees that there are weaknesses and that resources are scarce, but says that the people have certainly noticed how specific services have been brought closer to local communities.

According to Deputy Corinthya Estrada, who is also secretary of the National Assembly's Local Organs Committee, the rather widespread view that People's Councils in the capital are less successful than in the rest of the country is not true. Based on visits made throughout the entire national territory, problems in administrations and councils are common to all of Cuba. But in urban areas and large provincial cities, including the capital, the job is more complex and successes are less appreciated than in rural areas, small towns, or mountain regions.

The Hypothetical Bonanza

There are solid arguments on the differences between People's Councils and administrations. Idalberto Acuna, former chair of the Cayo Hueso Council and currently president of the Municipal Assembly of Central Havana, cites as an example **Operation Agro 94.**

During the first quarter of the year the council chairpersons of the City of Havana were told to get personnel and loading equipment ready—one command post per council was even created—to handle the supposed bonanza of meat and vegetables that would be sent to the markets. That sort of "state of alert" had already been decreed in 92, 93, and 94, and the produce never reached the neighborhoods in the quantities announced.

"It is important to make people realize that when we make the wrong administrative decision, it conveys a poor image of us," emphasizes Corinthya Estrada.

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Irma Barreras, a founder of the CP who now serves as secretary of the National Assembly's Committee on Education, Culture, Science, and Technology, made an interesting comment.

"One central problem persists: it is that we work in campaigns, and that is not how PP should work. We need to establish a working strategy in each council, be able to prioritize fundamental problems without abandoning those which are not essential. Often work that has been planned comes to a standstill because a campaign is organized. We do not work systematically, and this is true in the CP as well. Moreover, I would venture to say that this is one of Cuba's worst problems, as if it were part of our nature."

In our opinion, it is undeniable that without the CP we would not have many activities now being carried out, even in the special situation in which Cuba is now living. It has been proven that this government structure is valid. Still, inefficiency, bureaucracy, and even negligence act to hamstring and even blindfold these neighborhood watchdogs, the true *raison d'etre* for the People's Councils.

The state's guidelines on how PP should function have been well defined since 26 July 1974, the date on which the People's Government was established as an experiment in the province of Matanzas. If there has been waste, if there is bureaucracy and decentralization has not been done adequately, the cause is to be found in the interpretation by men and in their actions, as it is on their shoulders that this responsibility rests, not on PP as an institution, to which we sometimes refer as it it were a sort of ideal fantasy.

Nor can we blame the defects which we see today both in PP and in the People's Councils on the economic crisis or the embargo. These shortcomings have a lot to do with us ourselves; both the governors and the governed.

The lack of communication seen with some frequency between the People's Councils and the administrations have among their causes the fact that the Administration Councils do not seem to have abandoned the old working habits of the Executive Committees. We knew ideas were not going to be changed by decree, that it was necessary to wait for some time, but enough time has elapsed until the present and the authority of the People's Councils is still not felt. These councils are the ones which, in every eventuality, suffer or enjoy our own fate.

Around Cuba

According to information from some provinces, their problems coincide to a greater or lesser degree with those of the City of Havana. In Cienfuegos, for example, we were told by Remberto de la Hoz, secretary of the Provincial Assembly: "Good performance is certainly dependent on the effort and intelligence of the council chair and delegates. If they do not do their part, the council dies."

In Camaguey, this government organization is improving; but there are places like Minas, Jiqui, Tabor, and Esmeralda, where many people feel the councils are not working.

In Tunas, according to what we were told by our colleague Pastor Batista, there are objective problems like apathy in some organizations when they are supposed to support community projects. The necessary working relationship does not always work well among all administrative entities and councils. But with collective energy and intelligence many problems in this difficult phase can be alleviated.

In Pinar del Rio, the job of governing from the councils is also made difficult at times by problems with administrations and with some organizations, even though once the problem has been carefully scrutinized, the outcome is positive, thanks to the determination and dedication of the chairmen and delegates.

Haiti

Butrus-Ghali Meets Aristide, Pledges UN Aid

FL1611221094 Port-au-Prince Radio Metropole in French 1145 GMT 16 Nov 94

[FBIS Translated Text] The United Nations secretary general visited Haiti on 15 November. The secretary general met twice with President Jean-Bertrand Aristide at the National Palace and also at the private residence of the Haitian head of state in Tabar. Rotschild Francois, Jr. filed a report:

[Begin recording] [Francois] In visiting Port-au-Prince exactly one month after the return to the country of President Jean- Bertrand Aristide, the UN secretary general made a point of reaffirming the United Nations' complete support for the country's ongoing process. Butrus Butrus-Ghali announced that the UN planned to call for $77 million in assistance to Haiti over the next six months. The secretary general is confident that the UN, in cooperation with the multinational force, will succeed in reestablishing democracy and reinforcing Haiti's economic development. Mr. Ghali refused, however, to set a precise date for the implementation of MINUHA's [United Nations Mission in Haiti's], takeover of the multinational force.

During his five-hour stay in Port-au-Prince on Tuesday [15 November], the UN secretary general conversed with President Jean-Bertrand Aristide at the National Palace. He then took part in an extended meeting with President Aristide, Prime Minister Smarck Michel, members of the government, and UN officials in charge of the agencies operating in Haiti. Butrus-Ghali was later received by President Aristide at his private residence in Tabar.

The head of state again hailed the UN action within the framework of his return to Haiti. President Jean-Bertrand Aristide also mentioned the mission that the UN would need to fulfill in the country.

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[Aristide] We are so pleased to welcome you. Through my voice, you hear the voice of 7 million men and women living in Haiti and abroad. Through my voice, you hear the voice of my prime minister, of my government, and of all of us. Together with you, we are in time going to bring to an end the first phase of this mission, and will begin the second. Meanwhile, it is the voice that celebrates this solidarity within the heart of the large United Nations family. With Haiti, the United Nations seems to have worked to discover the measure of peace.

May we walk together, and may the warmth of reconciliation, which we celebrate everyday in Haiti, increase the climate of peace.

[Francois] The secretary general congratulated President Aristide who, according to him, succeeded in arousing a powerful surge of national reconciliation in Haiti since his return. Butrus Butrus-Ghali asserted that the UN is ready to bring its complete assistance to Haiti regarding reinforcement of democratic institutions and in boosting the Haitian economy.

[Butrus-Ghali] To conduct this task well, the UN Organization will continue its close collaboration with the OAS. The UN and the OAS are ready to bring you, Mr. President, whatever assistance you deem necessary for holding the coming legislative and local elections. But it is also in the rebuilding of the economy that the UN will bring its assistance to Haiti. Through its agencies and special programs, the UN will assure—you can be certain of this—an economic boost and better social integration of the country.

[Francois] UN Secretary General Butrus Butrus-Ghali left Port-au-Prince on 15 November for Jamaica. Before leaving, the UN secretary general appointed U.S. General Daniel (Spawyer) to the post of military commander of the UN mission in Haiti. [end recording]

Aristide Meets With Business Sector 16 Nov

FL1611224194 Port-au-Prince Signal FM Radio In French 1800 GMT 16 Nov 94

[Passage within quotation marks in Creole]

[FBIS Translated Excerpt] President Jean-Bertrand Aristide held a cordial meeting this morning at the National Palace with the Haitian private sector. The Haitian businessmen answered an invitation from the president of the Republic, who had made statements reassuring the Haitian business sector of his willingness to work along with it in view of the reboosting of the Haitian economy. President Aristide had on his side Minister Lafortune of Commerce; Marie-Michel Ray, minister of Economy and Finance; Cherestan Jean-Marie, minister of Planning; Anthony Barbier, minister of Public Functions. President Aristide, after greeting the guests, stressed that 200 years were necessary to achieve this unity, which begins with this meeting. Mr. Aristide asserted his willingness to walk hand in hand with the Haitian private sector so that together that can rebuild Haiti.

The reinstalled Haitian president, who made a totally conciliatory speech, emphasized unity between the government and the Haitian private sector. Without you, it is failure; and with you, together we will succeed, he hammered home to those businessmen who were present at the National Palace this morning.

"I bet on you and I will win," President Aristide said in Creole.

Jacques Deschamps, who delivered a pathetic speech under the circumstances, indicated that Haitian businessmen were willing to cooperate with the Haitian Government once stability was instituted in the country, referring to the recent acts of plunder committed by vandals against businesses throughout the country. He asserted that the enemy of change is anarchy and said he hopes that the government applies itself to creating respect for the right of each citizen to free entreprise, a point that President Aristide, in his speech, promised to support.

The reactions of some businessmen, into the microphone of Jacques Maurice after the meeting, should be noted:

[Begin recording] [Maurice] Mr. Lafortune, what are your impressions of today's meeting?

[Lafortune] Wonderful!

[Maurice] Is there much hope, Mr. Lafortune?

[Lafortune] A great deal.

[Maurice] Do you think the private sector is really going to cooperate?

[Lafortune] Of course! Because at this point, absolutely everyone should give a hand.

[Maurice] What are the priorities of your ministry?

[Lafortune] [laughs] You know very well... Well! Gentlemen, next time. [end recording]. [passage omitted]

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Chamber Drafts Agenda To Counteract Proposition 187

PA1711042994 Mexico City UNOMASUNO in Spanish 16 Nov 94 pp 1, 7

[Report by Jorge Octavio Ochoa]

[FBIS Translated Text] The fascism unleashed in the United States has stirred severe criticism. Yesterday, the Chamber of Deputies unveiled a (preliminary) plan of legal, political, and diplomatic action to be taken to counteract possible effects of "Pete Wilson's xenophobic Proposition 187."

The first action the legislators have planned is to meet with Foreign Secretary Manuel Tello and other Foreign Secretariat officials, as well as with the head of the National Human Rights Commission and members of the Senate Foreign Relations Committee. In addition, the deputies will establish direct contacts with the northern border region governors and the governors of the states of origin of the majority of the expelled "laborers" to draft strategies to combat the initiative.

In a joint declaration signed by the four parties represented in the Chamber of Deputies, the legislative branch called on the executive branch to convene an "urgent" meeting of the Mexico-United States Binational Commission to discuss the immigration problem as a priority issue.

The Chamber of Deputies released the working agenda after demanding the U.S. Government respect the labor cooperation agreement that is a counterpart of NAFTA and by which the United States has committed itself to offer legal protection to both national and migrant workers.

The Institutional Revolutionary Party, the National Action Party, the Party of the Democratic Revolution [PRD], and the Labor Party explained that this agreement was approved by the Mexican, U.S., and Canadian congresses around the middle of last year, and they argued that Proposition 187's implementation could override and nullify the agreement.

For this reason, the legislative heads of the four parties agreed to highlight this point of agreement and to disseminate the tentative working agenda to various legislative commissions. The working agenda also calls for the formal creation of a Plural and Special Commission that will follow up on the problem.

At the plenary session attended by 417 federal deputies, Mexico's main political forces also urged the Foreign Secretariat to view as a priority the need to present to the United Nations and the OAS all human rights violations against illegal immigrants.

PRD deputies insisted on the need "to redefine" Mexico's bilateral relations with the United States and to renegotiate NAFTA—something the PRI deputies did not approve. Through Cuauhtemoc Sandoval, the PRD deputies proposed that Foreign Secretary Tello Macias be summoned to the Chamber of Deputies to explain the immediate impact of Proposition 187, but commissions were charged with resolving the PRD's request.

The PRD also announced at the Chamber of Deputies that it will demand the dismissal of Mexican General Consul to Chicago Oliver Farres for having raised obstacles that hinder Mexican community organizations.

PRD Leader Urges Provisional Government in Chiapas

PA1611230494 Mexico City LA JORNADA in Spanish 15 Nov 94 p 18

[Report by Rene Alberto Lopez]

[FBIS Translated Text] Villahermosa, Tabasco, 15 Nov—"The solution in Chiapas is for Eduardo Robledo Rincon not to assume the post of governor, because only a provisional local government will lead to a resolution of the problems and a reconciliation among the people of Chiapas," it was asserted here by national PRD [Party of the Democratic Revolution] leader Porfirio Munoz Ledo.

Munoz Ledo said the government would be making an "enormous mistake" if it "tries to impose" Robledo, because Chiapas already is "polarized" and needs a local government that can secure reconciliation—something the PRI candidate "cannot offer."

The former PRD senator emphasized that, aside from the electoral situation, unresolved political and social problems prevail in Chiapas and a solution might be achieved by a provisional local government.

Munoz Ledo stated: "In this land of caciques and the semi-feudal control of the population" the opposition garnered 30 percent of the vote, "which means it won." In turn, Robledo's victory "was the result of an enormous electoral fraud."

In an interview with the "Telereport" radio newscast, just before heading the campaign closing ceremonies for PRD candidates in the municipalities of Balancas, Jonuta, and Teapa, Munoz Ledo said that, if new relations are established with the Zedillo administration, a request will be submitted to end the "defamation" campaigns against the PRD.

Report Reviews Zedillo's Financial Program

PA1611142194 Mexico City EL FINANCIERO in Spanish 14 Nov 94 p 5

[Report by Georgina Howard]

[FBIS Translated Text] Some of the key elements included in the financial program to be pursued by the administration of Ernesto Zedillo Ponce de Leon include

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retaking the path of sustained economic growth, maintaining a financial surplus, strengthening domestic savings, and continuing in-depth reforms to the financial system by designing new instruments that will allow risk diversification, in addition to attaining adequate and competitive yields between domestic and foreign interest rates.

The implementation of all these economic policy issues for the next six years will be compatible with currency exchange stability, a favorable evolution of the balance of payments, low inflation indexes, the recovery of purchasing power, fiscal discipline, and the encouragement of foreign competitiveness.

With only a few more days remaining before he is sworn into office as president of the republic, Ernesto Zedillo's team together with the current economic cabinet is already designing the guidelines that will mark his administration's financial program. These guidelines caution that resources "will continue to be limited," the reason why it will be imperative to diversify the investments sources and to apply a selective criteria when earmarking resources for investment purposes.

Government sources have disclosed the previous details and have said Zedillo's economic strategy acknowledges that sustained growth depends on the ability to encourage sufficient domestic savings. The strategy also recognizes that domestic savings on their own will be insufficient to ensure sustained growth of the country's economic productivity.

Even though Zedillo's team is putting special emphasis on those sectors considered as priority and the need to ensure the country can become self-sufficient in such a way that will lead to an increase in savings, they are also stressing the need to similarly continue with efforts to solve the country's internal problems.

The economic and financial plan that will be presented to the Mexican people once Zedillo has been sworn in acknowledges that the ground rules to continue with the dynamics of the economy have already been established. At any rate, the plan admits that strict controls must be maintained over public finances, that revenues must be compatible with fiscal targets, and that competitiveness overseas must be encouraged. In addition, income distribution, moderate public spending, and social programs must be given priority status, and full attention must be given to fulfilling the needs of the lower income groups. In order to increase the social yield of all investments, the plan, which is still pending review, affirms that fiscal discipline must be maintained to strengthen income, to raise business productivity, and to efficiently control current spending without undermining basic sectors while eliminating superfluous spending.

The plan also contemplates assigning investment resources in accordance to social cost, benefits guidelines, as well as increasing investment levels by ensuring financing through alternate sources.

Concerning financial issues, the plan maintains that public sector credits will continue to rest on the placement of government securities on the market. In addition, autonomy of the Bank of Mexico (Banxico) will be strengthened, financial opening will be consolidated through strict compliance with NAFTA, and the equilibrium of interest rates will be maintained.

Likewise, consulted sources have confirmed the economic program of the Zedillo administration intends to guarantee the full development of financial mediators and to prevent them from becoming involved in illegal activities. Likewise, the program expects to establish concrete mechanisms to deter money-laundering activities through the financial sector.

The key points the Zedillo administration expects to develop up until now does not include preferential treatment regarding fiscal issues. On the contrary, considering the worldwide shortage of resources forecasted for the coming years, the plan intends to continue the process of rationing special tax bases.

The draft stresses the selective use of the funds listed in next year's expense budget, which will be presented to the Chamber of Deputies on 15 December. While the budget will be social in nature, to support development in areas such as housing, education, health, agriculture, and infrastructure, it will avoid wasteful and superfluous expenditures.

One task for those who will comprise Ernesto Zedillo's economic team will be to improve spending controls and follow-up systems. This objective is expected to provide greater independence in budget execution and to reduce the risk of indebtedness breaking the preset limits, while allowing a purging of public finances.

Importance of State of Law Stressed

95CA0033A Mexico City NEXOS in Spanish No. 202, Oct 94 pp 42-45

[Commentary by Luis Rubio, political and economic reform advocate and director of the Center of Research for Development, CIDAC, and Beatriz Magaloni, CIDAC researcher: "Without Respect for the Law, We're Just One More Banana Republic."]

[FBIS Translated Text] Legality is a value even higher than ideologies or political postures. Without a profound respect for the law in all of its forms and senses, no society can advance, because none of its members can be certain about what others, including the government, will do. If the worker has no guarantee that his wage will be paid, his work will reflect that lack of assurance; if the investor's holdings could be expropriated at any moment, the top priority in his investment decisions will be to achieve the highest profits in the shortest term, rather than putting his money into projects which, though profitable, provide longer-term yields, and which are generally the projects that provide the most social benefits; if a candidate for any popularly elected office

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does not have the certainty that the vote will be respected and that all candidates will accept the results, he will not have the incentive to go out and get the vote, but rather will use any political means available to achieve his end; if a peasant does not have the judicial resources to protect his interests, he will choose the path of violence; if an official is not punished for violating the civil and human rights of individuals, he will continue to violate them systematically; if the citizenry lives in a constant state of insecurity because of police corruption, it will never believe in legality or authority. Living in a society ruled by laws and respect for those laws is a *sine qua non* for economic advancement, for the development of society, and for the country's progress.

Many think that we Mexicans are incapable of adhering to the rule of law, that not only do we not respect the law, but we tolerate its systematic violation. In fact, we Mexicans have responded historically to the circumstances in which we have found ourselves. In Mexico there are laws and regulations for everything. The fact that every economic, political, and social activity has a legal framework does not, however, mean that we live in a true state of law. A state of law exists when the activity of both the governed and those who govern is at the same time guaranteed and limited by a higher standard, which is the Constitution, and by the laws that emanate from it. A state of law consists of the effective rule of a constitutional order, with stable laws that are the same for everyone, that the government respects fully, and that keep to a minimum the coercion necessary to guarantee compliance by all citizens. It is no coincidence that we Mexicans see the law as something relative, always subject to fluctuations and changes, depending on which way the wind is blowing. Mexico does have laws, but it does not have a full state of law.

Recent Changes

In the past few years, we have seen the adoption of a new development model based on free trade and the internationalization of the economy as a means to generate wealth, boost productivity, and thus improve the population's standard of living by resorting to various market mechanisms. In the political sphere, a few election rules, both formal and informal, were changed to make the party system more competitive, as evidenced in the recent elections. Although it is clear that much remains to be done to achieve a solid democracy in Mexico, the political system has become more representative and some progress has been made with regard to citizens' rights in recent times. In the social sphere, the government has become increasingly aware of the importance of promoting equal opportunity and satisfying the basic needs of the population, such as education, health, and housing. Although existing poverty programs are insufficient and are subject to political manipulation, well-placed subsidies and involvement of the beneficiaries appear to be putting them on the right track, which is the eradication of their eradication.

Thus, we have seen a clear willingness to accept a modernity based on the free market, democracy, and equal opportunity. But one indispensable condition for the success of the reforms that will propel Mexico to full modernity is the existence of a true state of law. Unfortunately, it has not yet been fully achieved, not as far as updating legislation and imparting justice are concerned.

What Is a State of Law?

A "state of law" is characterized by a number of key principles that distinguish it from other legal systems that cannot be classified as such:

- Constitutions, though they require a natural flexibility to adapt to the circumstances at hand, are the supreme law of the land. No law can contradict them, and all laws must be consistent with them.

Contradictions between laws merely serve to set reality against the rules of behavior that govern individuals.

The "rule of law" as opposed to the rule of man is not a tautology, if by "law" we understand a system of general, open, and relatively stable standards—the key principle of the "state of law" is that the creation of laws is governed by general, open, and relatively stable rules.

A "state of law" does not happen overnight and cannot be imposed from above. In fact, it is the result of an evolutionary process during which not only the laws themselves are defined, but so are the procedures for adopting them, amending them, and protecting the citizens from the abuse that laws may foster.

A "state of law" is the institutionalization of relations between individuals, and above all, relations between individuals and the state. Both sides share an implicit understanding that neither can nor should violate the established rules. That understanding and the conviction that it must be upheld are very important.

Law and political activities guided by a country's constitution are general forms of expression, organization, regulation, and protection of liberty in individual interactions, and as a whole they are a necessary condition for the functioning of the economy and of modern society. Thus, the reform of government institutions, in the sense of guaranteeing the presence of checks and balances, the establishment of a democratic political system, and the development of an equitable and efficient justice system are the three indispensable requirements for implementing a government order based on legality.

It is impossible to underestimate the importance of a modern, independent, and effective judicial system in the daily lives of the millions of individuals who make up society. In a state of law, people can gain or lose more from the decision of a single judge than from any act of Congress or Parliament.[1] There is a reason for the old saying that "a bad settlement is worth more than a good lawsuit," particularly when the task of resolving conflicts

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is assigned to a premodern judicial branch that is dominated by and subordinate to the executive branch and degraded by the corruption of its officials.

In a state of law, the judicial apparatus not only carries out the function of resolving controversies between private parties, or between them and the government, but it also has the power to interpret the law. Safeguarding the Constitution and legal standards is, in fact, an essential function of the judiciary in a state of law. According to Ronald Dworkin, a constitution "could have been interpreted as giving orders to Congress, the president, and state officials, orders which these officials had both a legal and a moral duty to obey, but turning them into their own judges. The Constitution would then have played a very different and much weaker role in American politics."[2]

The same should be said of the Mexican Constitution in practice; only in this way can the law become a guarantee of equity and fair treatment for all the individuals who make up society. In a state of law, where all individuals, those who govern and those who are governed, are subject to the rule of law, and where only the law is sovereign, the law must be viewed with a "constructive attitude": "its objective, in the interpretive spirit, (must be) to place principle above practice to show the best way toward a better future while following through on the past. (A constructive attitude) is, in the final analysis, a fraternal attitude, an expression of how we are united in a community even though we are divided with respect to projects, interests, and convictions. This is (...) what the law is for us; for the people we want to be and the community we want to have."[3]

In this regard, the establishment of a true state of law in our country through various political, organizational, and legal reforms, a necessary condition for the efficient functioning of both society and the economy, should be inspired by a sense of national community and by the goal of maintaining and strengthening the sovereignty of our country in an increasingly integrated and interdependent world.

How can all of this be translated into economic activity? It happens in two ways. In the first place, competition is the essence of a modern economy, and from that perspective, pluralism is a special form of government whose success lies in the fact that competing interests can be coordinated rationally and that their conflicts can be resolved on the basis of law.[4] In this sense, the so-called market economy is simply the translation of political pluralism into productive activities. From that perspective, the success of the market in efficiently assigning scarce resources to the satisfaction of differing individual and social needs implies an effective state of law that makes it possible for all individuals to calculate the probable future costs and benefits of any decision made in the present.[5] Only this calculation, which is the result of the reliability and stability of the legal order and of procedures for resolving conflicts, allows individuals to pursue rational economic activity.

The relevance of the "principle of legality" is unassailable, but its instrumentation is much more complex than might be apparent at first glance. The legal framework of any country represents the evolution of that society, and therefore cannot be imposed from above. By definition, the principle of legality must arise out of the existence of social consensus in the procedures for approving legislation, not vice-versa. It is in this area that Mexico has a very long way to go.

In the past few years, we Mexicans have witnessed a significant modernization of our legal framework. Major changes have been made not only in agrarian and mining laws, but even in statutes that are essential to social and political development, such as electoral laws and the Penal Code, and in legislation that is of particular relevance to human rights. Although these changes are visionary, well-intentioned, and extraordinarily important for the country's development, they essentially suffer from one inherent flaw: All were brought about by the authorities, and all could, in the same manner, be modified by the government itself. A state of law is based on the initial premise that the government can propose laws, but cannot actually impose them, amend them, or cancel them on its own authority. The government can approve legal provisions or get Congress to approve them. Legality, however, is achieved when that is possible not because there is no opposition (which is part of the process), but because there is an effective concurrence among the citizenry, whose participation becomes a necessary condition for the legislative process.

In the beginning, the government's determination to build a state of law is a tremendous step forward. But it will be possible to achieve this goal only to the extent that the government respects legal procedures systematically and constantly for such a long time and so consistently that its actions become not just foreseeable, but predictable and certain. No matter how much we would like to think we have crossed that initial threshold, when it comes to legality, the only thing that counts is perseverence and constancy. And in spite of our good intentions, we still have a very long way to go before we achieve that.

Footnotes

1. Ronald Dworkin: *El Imperio de la justicia* [Law's Empire]. Barcelona, Gedisa, 1988, p. 15.
2. *Ibid.*, p. 15.
3. *Ibid.*, p. 290.
4. E.V. Kumanin: "Political Pluralism and Law," in Butler, W.E.: *Perestroika and the Rule of Law: Angloamerican and Soviet Perspectives*, London: I.B. Tauris & Co., 1991, pp. 1-77.
5. Paul A. Samuelson: *Economics*. New York, McGraw-Hill, 1980.

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Costa Rica

President on Americas Summit, Zedillo Visit

PA1611215194 Mexico City XEW Television Network in Spanish 0430 GMT 16 Nov 94

[Interview via satellite with President Jose Maria Figueres in San Jose by Jacobo Zabludovsky at the XEW Television Studios in Mexico City; from the "24 Hours" newscast—live]

[FBIS Translated Text] [Zabludovsky] It is curious, Mr. President, but many years ago in 1956, during the first summit of heads of state of the Americas—a summit held in Panama City—I ate breakfast with and accompanied your father, the Costa Rican president at the time, Mr. Pepe Figueres. Now, in a few days, I hope to have the pleasure of shaking hands with you in Miami, where another hemispheric conference will be held. There, I hope to have the honor of meeting the president whose father I met so many years ago.

[Figueres] Well, I invite you to breakfast so that we can repeat the experience.

[Zabludovsky, laughing] Thank you sir. What do you expect from the Miami meeting?

[Figueres] Good news and good things for Latin America. The truth is that our continent has made great efforts over the past several years. Our governments have greatly evolved in terms of economics toward a heightened integration of markets. We have greatly evolved in the political field in terms of democracy. Thanks to this, our countries in Latin America now have democratic governments. We also have evolved toward a deep respect for human rights. Now, we have to work on development. This development can be brought about through, among other things, rigorous social investments and trade. I hope to talk about these things in Miami.

[Zabludovsky] Mr. President, speaking of human rights, it is important to note that a new draft law recently approved in California tends to discriminate against countless undocumented immigrants, certainly including many Costa Ricans. What is your position on this draft law?

[Figueres] I could never support this law. I have several reasons, but I will just mention two. First, because I have a deep-seated respect for human rights, I cannot support something that discriminates against so many men and women of goodwill—people who could be denied access to basic health and educational services and other opportunities. Second, because I believe this draft law runs against international trends, it exhibits no solidarity with the rest of the world. It is a selfish law that does not encourage good relations, which we want to maintain and which we want to continue to strengthen.

[Zabludovsky] Do you believe this topic will come up at the Miami summit in the form of a joint position by the Latin American presidents?

[Figueres] It is possible that we will discuss this topic. I know that if it is not discussed in the plenary sessions, I am certain we will discuss it in some of the parallel conversations and meetings we are going to hold among several of the presidents.

[Zabludovsky] This weekend you are going to receive Mexican President-elect Ernesto Zedillo. What are the topics you will discuss?

[Figueres] We are going to receive him with great joy and enthusiasm. We, in Costa Rica and Central America, are indebted to the president-elect, because he has decided to visit us before taking office. We are going to talk about topics related to development in Central America. In Costa Rica, we are going to talk to him about the free trade agreement signed by our two countries. We are going to talk to him about other topics having to do with the heightened integration of our economies in order that we can continue to promote what is already a good relationship between Costa Rica and Mexico.

[Zabludovsky] Would you like to add anything else?

[Figueres] Greetings to my Mexican friends, and we want to tell them we are waiting for President-elect Zedillo with open arms and with great affection.

Foreign Minister Defends Appointments

95CA0018A San Jose RUMBO in Spanish 6 Sep 94 pp 30-31

[Interview with Foreign Minister Fernando Naranjo by Aixa Sabario; place and date not given]

[FBIS Translated Text] He was one of the strategists of President Jose Maria Figueres' campaign and now, as foreign minister, according to his opponents, he is carrying out a scheme to denounce diplomats who served under the previous administration of Rafael Calderon. But Fernando Naranjo defends himself: "There is no persecution here. I am not carrying a political banner here. I simply feel that I have a duty to investigate when an irregularity is reported to me."

The former finance minister and current foreign minister says that if irregularities arise on his watch, he is not going to cover for anyone, not even a friend or relative...

[Sabario] What sort of traits are you looking for in ambassadors?

[Naranjo] First and foremost comes a strong commitment to the country. Second, working hard for commercial and political goals, and third, total honesty. I have strongly emphasized to them that it would greatly distress me if in the future, and God willing this will not happen, any one of them failed me, as some diplomats have done overseas. I have told them, jokingly but it is true, that I expect them to attend fewer cocktail parties and to devote more hours to promoting Costa Rica.

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[Sabario] Isn't it obvious that political commitments have played a role when relatives of ministers and deputies have been appointed?

[Naranjo] First I would like to mention that for the first time, I think, a commission was set up, consisting of prominent Costa Ricans, to evaluate all of the individuals who applied. This group found that more or less 15 or 20 percent of the people who had applied did not qualify, even though many were political leaders or had been very active in campaigns. Second, I appointed another commission and asked its members to look for people to go into the foreign service, and I personally have had to go knocking on a great many doors, sometimes successfully, others not, to see people who were not interested in the foreign service but whom we regarded as worthy. The people appointed obviously include relatives of political leaders, ministers, and deputies, but I can assure the country that in no instance have we appointed someone who, first of all, was not previously approved and recommended by this commission and, second, who is not well suited for the post he or she is going to fill. In a small country there are obviously many family ties, many ties by marriage, but this has not been the determining factor in the appointment of these individuals.

[Sabario] Was it the case, for example, with Karen Olsen, the mother of President Figueres, who was named ambassador at large, or Danilo Jimenez, the president's brother-in-law?

[Naranjo] Well, Danilo Jimenez has a lengthy track record in this country. I am rather pleased that he agreed to serve as ambassador to the OAS, and I think that he is going to do an excellent job. As for Karen Olsen, well, we all know what she has meant to Costa Rica and of course she will have many things to do. She is the person closest to President Figueres. But we have also named three roving ambassadors, three individuals of great national renown, who are going to perform this job ad honorem: Mr. Fernando Soto Harrison, Mr. Federico Vargas, and Mr. Bernal Jimenez.

[Sabario] Could you be regarded as the person behind a political scheme to denounce the irregularities that occurred in the foreign service under the previous administration?

[Naranjo] First of all, there is no such scheme. I have received a lot of reports about irregularities at several missions. Three such missions have come to light, but there are more. In each case I have sent them to the appropriate authorities in the Foreign Ministry so that they can ascertain whether these irregularities should give rise to charges, to punitive action against officials in the previous administration. But there is no scheme here, no persecution here; I am not carrying any political banner. I simply feel that I have a duty to investigate when an irregularity is reported to me. I can assure you that I am not going to cover for anyone, I am not going to protect any friend or relative, and if there are accusations, I will go through the appropriate channels.

I am sorry that many of these accusations have come to public light. I have never pointed a finger at anyone. The people who have spoken out publicly have been the ones who felt implicated. In no instance have I criticized anyone in particular.

[Sabario] Didn't you criticize former Ambassador Victor Hugo Vargas in Managua, for example?

[Naranjo] Never. I noted that during a visit to the embassy in Managua I had found a complete disaster there, and when I say a complete disaster, I mean a complete disaster. There was no furniture there, no fax machines, none of the items that had been purchased with public funds. So, I thought that this was highly irregular. Moreover, the condition in which I found the embassy was an embarrassment to the country. I criticized no one. At a press conference a colleague of yours asked me who the ambassador to Managua was. I said it was Mr. Victor Hugo Vargas, but I did not criticize him. Ultimately, of course, the ambassador is responsible, but I did not say whether the irregularities were the fault of the consul or the ambassador or an adviser. The Foreign Ministry will then conduct an internal audit to determine accountabilities when the investigation is over.

[Sabario] Leaders of Social Christian Unity have said that the charges leveled in several ministries, such as the case of former diplomats under the previous administration, are part of a orchestrated campaign against the Calderon administration.

[Naranjo] I want to be very frank about this. I have removed people who were in the foreign service and who are from the party that won the election; I have removed people from the losing party, and I have left in their foreign-service posts a great many officials who are doing a very fine job and who do not belong to Liberation. I can never, never be accused of political persecution or of orchestrating something. I would like to be told which leader of the Unity Party and in what instance he or she can say that there is a scheme in the case of Foreign Relations.

[Sabario] You have been prominent in several foreign-trade matters during this administration. Are you trying to steal the show, as some people are saying, from the foreign trade minister and other officials involved in trade policy?

[Naranjo] No, no, no. My function here really is to create political maneuvering room so that the negotiations, which are the responsibility of other ministers, can be conducted more easily. This is the specific case with Foreign Trade. But I am not going to be a trade negotiator, nor anything of the sort. That is the exclusive responsibility of the foreign trade minister. Also, no matter how many good friends or close ties I have in international financial organizations, I am not going to meddle in the work that properly falls to the finance minister and the president of the Central Bank. If I can help, fine, but the responsibility belongs to them. I am not going to stick my nose in areas that are not properly the province of the Foreign Ministry.

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El Salvador

Foreign Minister on Preventing U.S. Deportations

PA1611224794 San Salvador Canal Doce Television in Spanish 0100 GMT 15 Nov 94

[Report by Gandi Montoya; from the "Up-to-Date" newscast]

[FBIS Translated Text] The fate of Salvadorans illegally residing in the United States is being threatened by the year-end expiration of the Deferred Forced Departure Program [Programa de Salida Diferida Forzada] and by the recent approval of Proposition 187. As for dealing with Proposition 187, El Salvador will have to depend on the U.S. Supreme Court. Therefore, the Salvadoran Government is focusing its efforts on obtaining an extension of the Deferred Forced Departure Program. Here is Foreign Minister Oscar Santamaria:

[Begin Santamaria recording] We are taking steps in concert with our mission in Washington. We are also making efforts at the level of the U.S. Senate, Congress, and Justice Department, which is responsible for a possible extension. We are aiming our efforts in several directions. [end recording]

President Armando Calderon Sol has requested an audience with U.S. President Bill Clinton to discuss this issue, Santamaria pointed out. If this program is not extended, there will be an immediate mass deportation of our fellow countrymen, estimated at little more than 200,000. Although Labor Minister Juan Sifontes said conditions exist to absorb this labor force, the foreign minister thinks otherwise:

[Begin Santamaria recording] We must attract investment and capital to create enough jobs to handle this situation properly. Therefore, we think this would indeed cause an imbalance in light of the country's current situation. The country is trying to establish the foundations for an overall economic recovery. [end recording]

The efforts being made to extend the program do not mean that Proposition 187 does not deserve the Salvadoran Government's attention. The foreign minister supports a recent Legislative Assembly proposal to appoint a commission to travel to the United States to discuss the problem of our fellow countrymen now residing there illegally.

ONUSAL Questions Military Intervention in Strike

PA1611224994 San Salvador Radio Cadena YSU in Spanish 1805 GMT 15 Nov 94

[Report by Ernesto Lando; from "YSU Radio News" newscast]

[FBIS Translated Text] Diego Garcia Sayan, chief of ONUSAL's [UN Observers in El Salvador] human rights division, said on Tuesday [15 November] that the intervention by the Armed Forces in the bus strike in San Miguel Department was a clear violation of the peace accords. The international official said the National Civilian Police [PNC] should have first exhausted all of its resources to bring the situation under control.

[Begin Garcia Sayan recording] As of now, we still do not have a complete evaluation of the events. We are collecting information on what took place during the stoppage. We are concerned about the use of the Armed Forces in internal security work. We do not argue, nor will we ever argue, that the state has the right to use [words indistinct] and the Armed Forces as an emergency measure to ensure internal security, as can be done in any country.

Nevertheless, our first impression is that in a situation such as the one yesterday in San Miguel, police forces should be sufficient, in principle, to dissuade those disrupting public order and to reestablish order. Along these same lines it is very important that an in-depth investigation be carried out to determine the likelihood of this having happened, as well as to examine the need to improve PNC training in order that effective and persuasive measures can be applied in other situations in the future to avoid similar results.

In no way am I suggesting that the full responsibility of incidents such as these lies on the shoulders of the PNC. I repeat, we need to make a more complete evaluation of the events. [words indistinct] avoid this type of violence in the future, I would suggest a type of training aimed at persuasive tactics, especially among PNC members. [end recording]

Guatemala

Human Rights Ombudsman Asks for Dismissal of Officials

PA1611155594 Guatemala City LA REPUBLICA in Spanish 15 Nov 94 p 2

[Report by Ramon Hernandez]

[FBIS Translated Text] Human Rights Ombudsman Jorge Mario Garcia Laguardia publicly asked President Ramiro De Leon Carpio yesterday to immediately remove Government Minister Danilo Parrinello and Police Director Salvador Figueroa, saying they are responsible for the "brutality" by the security forces that repressed on 11 November a group of university students, one of whom died as the result of blows by the police.

Garcia Laguardia publicly told De Leon the two officials must be dismissed "for the country's good," adding police brutality, instead of professional methods, has again been used against the civilian population, as it happened at San Carlos University the night of 11 November.

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This is the second time Garcia Laguardia has demanded the removal of Police Director Figueroa. The first time was for a violent eviction at the farm La Estancia in Coatepeque, Quetzaltenango. Although De Leon has said in public he would heed the Ombudsman's demand, Figueroa has not been removed.

The ombudsman also demanded during a news conference the immediate investigation of the reported events and the criminal trial of the responsible individuals. Law student Mario Lopez Sanchez was injured in the incident and died as the result of the beating at the hands of the police.

The ombudsman expressed full disagreement over the excessive use of force by the government's security agencies. "They resorted again to the disproportionate and brutal use of force with the aid of paramilitary agents in civilian clothes against the recommendations of UN experts Christian Tomuchat and Monica Pinto," Laguardia said.

He also said the principle of proportionality was overlooked the night of 11 November, violating the Official Code of Behavior approved by the United Nations and accepted and ratified by Guatemala.

He said this violation is evident in the use of firearms against people, the unnecessary raiding of and concealed presence in university premises, and the extending of the repression until well after midnight on Friday [11 November].

Nicaragua

Motivation of FSLN To Purge Members Questioned

95CA0015A Managua EL NUEVO DIARIO in Spanish 9 Oct 94 p 4

[Commentary by Danilo Aguirre S.]

[FBIS Translated Text] The history of sectarianism in political parties has always been the same; it is incredible how fanatics always cling to their ideas, inexorably causing the storm they created to get rid of opponents in their sect to end up destroying its creators.

The FSLN [Sandinist National Liberation Front] doctrinal "purge" at the recent congress of those who do not think like them, and the "territorial reorganization" set up to expand that purge, are, in recent days, reducing to a minimum the "pure," who are only exalted by imaginary multitudes, by radio programs on which the happy leaders preach in pairs, in the best style of the Mormon Church.

In the sectarianization process, every day the elect grow fewer in number and those whom they seek outside are, through inertia, becoming proselytes for the opponents of these visionaries.

Orlando Pineda was buried in the company of crowds of Sandinists and non-Sandinists; how small the sectarians looked, and what a dismal silence followed the Mormons' radio program.

Comandante Tomas Borge was apparently the first to learn of that tragedy, and he introduced the idea of seeking unity by means of searching out the causes of the division and submitting them for discussion among peers. Almost nobody seemed to know about that.

Could that be because the orthodox are very satisfied with having destroyed the party, and are informally enjoying their petty power over the sect?

Or could it be instead that there is no interest in offering such political options to the Nicaraguan people?

It may well be a combination of these two factors, spelling the end forever of a possibility of having used all these years to present to the Nicaraguan people an FSLN solidly renewed with fidelity to its principles and visible and credible proposals.

An unexpected corollary of this story is that the huge campaign orchestrated by the "pure" to vilify the renewal movement faction was based on that faction's supposed alliances and agreements with the government and on the renewal movement faction's shared responsibility for hunger and unemployment. So in the end the purity invoked will end up, coincidentally and unresistingly, on the prime minister's presidential agenda.

Panama

Government Disagrees With U.S. Plans for Lower Tariffs

PA1611222394 Panama City LA ESTRELLA DE PANAMA in Spanish 15 Nov 94 p 1A

[Report by Esperanza Navarro Francois]

[FBIS Translated Text] Commerce and Industry Minister Nitzia de Villareal has reported that President Ernesto Perez Balladares' administration does not agree with U.S. requirements on lowering tariffs. According to Villarreal, a proposed reduction in tariffs or import duties on more than 420 products "is much mor sweeping than what the government plans to concede in terms of economic matters." Nevertheless, the minister added, the government still plans to enter negotiations on joining GATT.

Villarreal said the two sides will offer their first proposals and counterproposals on this issue during a 21-22 November meeting between Panamanian and U.S. delegates in Washington. She explained that Panamanian Government policy is designed to join GATT while incurring the smallest costs possible for the private sector, as well as for Panamanian consumers.

Villarreal again noted that the SIP [Association of Panamanian Industrialists] has been invited to join the

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Panamanian delegation at the Washington meeting to allow Panama to take a united voice—a single voice of government and industry—to the United States.

For SIP President Luis Barraza de Freitas, Panamanian industry does not trust the Panamanian negotiators, because often, in their presentations, they fail to adequately represent the interests of those sectors that produce and generate jobs.

"The business community should be represented at a level equal to that of an official spokesman, not as an errand boy who goes from room to room looking for information," Barraza stressed. He added that Panamanian industry does not want a tariff ceiling of less than 40 percent, because anything lower would drag small and medium-sized enterprises into bankruptcy. Barraza argued that high tariffs help compensate for distortions in the nation's public services, because Panamanian producers pay higher rates for energy and communications than producers in other nations.

Legislative Panel Debates National Security Budget

PA1711044594 Panama City LA ESTRELLA DE PANAMA in Spanish 15 Nov 94 p 1A

[Report by A. Sanchez Balisle]

[FBIS Translated Text] According to a document to which LA ESTRELLA DE PANAMA has gained access, the 1995 budget earmarked for national security affairs and the Public Force amounts to 91,266,831 [number as published] balboas.

The document points out that of this total amount, 80,738,612 balboas will be earmarked for police services, of which 77,710,850 is assigned to the police and 3,027,762 balboas is assigned to the Canal Zone Police. According to this same document, the rest of the National Security budget includes 5,903,622 balboas for the National Air Service and 4,644,597 for the National Maritime Service.

The 91,286,831 balboas earmarked for national security purposes are part of a grand total of 134,183,360 balboas allocated in 1995 for the Government and Justice Ministry—the institution responsible for police, migration, and postal services, as well as public and civilian security throughout the country.

In addition to the Public Force, the Government Ministry is responsible for Digedecom [General Directorate for Community Development], postal services, fire departments, the prison system, the counternarcotics struggle, Indian policies, the media, the Public Registry, and civil defense.

Yesterday, the Legislative Assembly's Budget Commission continued its debate on the 1995 budget. The discussions included the active participation of Economics Minister Guillermo Chapman. Chapman told LA ESTRELLA DE PANAMA that, as part of its constitutional responsibilities, the Legislative Assembly is empowered to "revise" the government's 1995 general budget proposed by executive branch.

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Argentina

Menem Discusses Visit of UK's Prince Andrew

PY1611174894 Buenos Aires TELAM in Spanish 1401 GMT 15 Nov 94

[FBIS Translated Text] Buenos Aires, 15 Nov (TELAM)—President Carlos Menem today emphasized that Prince Andrew's visit to Argentina demonstrates the enhancement of the bilateral relations with the United Kingdom.

Menem said: "In our opinion, beyond the problems we had with the United Kingdom, this is one of the most important visits of recent times."

The president indicated that the duke of York's arrival also involves "the possibility of advancing on an issue that worries us so much, like the Malvinas Islands."

In remarks to Radio America, Menem said: "Of course, if there are no talks, there will be no rapprochement, and there will be no possibility of recovering the archipelago."

Menem emphasized that the visit of a member of the British royal family was "totally unthinkable" a few years ago because, after the Malvinas war, "we had broken our relations with the United Kingdom, and we had a totally negative attitude toward the solution of the conflict."

Menem stressed that "the only way" of finding a solution to the Argentine sovereignty claims is "the diplomatic way." The president pointed out: "I do not understand those people who still believe in a military confrontation because we already know what the outcome could be." He stressed that this belief "is senseless" when there are open talks.

Menem also emphasized that the question posed by Mario Campora, the Argentine ambassador to the United Kingdom, on a possible indemnity for the Malvinas Islands inhabitants in exchange for a transfer of sovereignty "in no way damages the Foreign Ministry."

Menem added: "We believe the islands may be recovered on the basis of a combination of measures that may even include an indemnity, but there is nothing firm on this point for the time being."

Menem noted: "Soundings are being taken. There are talks. There are surveys. All these are measures to recover sovereignty over the islands."

March Outside UK Embassy Ends in Brawl

PY1611125494 Buenos Aires TELAM in Spanish 0013 GMT 16 Nov 94

[FBIS Translated Text] Buenos Aires, 15 Nov (TELAM)—In incidents outside the British Embassy on 15 November, involving a march in which leftist parties repudiated Prince Andrew's visit to our country, at least four people were injured and 40 were detained.

This was reported by 19th Federal Police precinct sources after a brawl between policemen and demonstrators outside the National Library building in the Recoleta District of Buenos Aires.

Although police sources initially reported 15 detainees, other sources later announced that 40 people were detained and four policemen injured. It is believed that various demonstrators also suffered bruises.

The incidents began when the demonstrators, basically Trotskyist left members, tried to knock down a railing that was protecting the British Embassy building, an attempt that prompted the spat with the police forces.

The march was organized by the Workers Party (PO), Work and People's Party (PTP), Workers Party for Socialism (PTS), Socialist Workers Movement (MST), Movement Toward Socialism (MAS), and the Free Fatherland Current [Corriente Patria Libre].

In addition to leftist militants and sympathizers, some veterans from the Malvinas Islands war participated in the demonstration.

About 100 people, including former deputy Luis Zamora (MST) and (PO) leader Cristian Rath, participated in the protest. Demonstrators began burning British flags and chanting slogans against Great Britain.

Federal policemen, mounted police, and Infantry Guard members exchanged punches with the demonstrators when the latter tried to knock down a railing that prevented entry to the British Embassy.

The incidents began when the demonstrators went to the British Embassy building after gathering at the Emilio Mitre Square at the intersection of Las Heras Street and Pueyrredon Avenue.

Before the brawl, Zamora said: "We ask this inept character, an enemy of our country, to immediately leave because he is dirtying Argentine territory. Enemies are fought and repudiated. They are not honored or welcomed."

Di Tella Views Protest Against Visit

PY1711024694 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2003 GMT 16 Nov 94

[FBIS Translated Text] Buenos Aires, 16 Nov (NA)—Foreign Minister Guido Di Tella admitted today that some groups "might be hurt" by Prince Andrew's visit to the country. He warned, however, that "if they want to recover the islands they must accept that this is an inevitable and necessary part" of that purpose.

Di Tella said "there was no repression" during yesterday's confrontation between police and demonstrators in

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front of the British Embassy. The police only tried "to prevent demonstrators from attacking the Embassy," Di Tella added.

The foreign minister justified the police actions during yesterday's demonstration by pointing out that "the police stopped the demonstration, and that was the end of it."

"It is one thing when citizens want to petition and demonstrate publicly in an orderly way. Violent demonstrations are something else. A minimum degree of order is necessary," the minister said.

Di Tella said that "the demonstrators were prepared for intimidation and violence," adding that he had "no evidence" to show that the police "made any mistakes during their intervention."

"A group of demonstrators purposely tried to disrupt the public order, which was controlled in a civilized and orderly way," Di Tella said.

The minister talked to various Buenos Aires radio stations at the metropolitan port's north dock before participating, with President Carlos Menem, in a ceremony to receive the Frigate ARA [Navy of the Argentine Republic] Drummond.

Di Tella stressed the importance for our "bilateral relations" of the visit of the second in line for the British throne.

The minister said: "With this visit Argentina increases its international standing, Great Britain's trust, and its bargaining capacity." The minister regretted the fact that "some people do not see it this way."

Di Tella said Prince Andrew's visit is proof of "the progress in our bilateral relations," which will permit us "to negotiate economic and commercial aspects, the South Atlantic, and the issue of the Malvinas Islands at other levels."

Di Tella said the national government "is walking on a path that permits us to negotiate with the British and the international community to persuade the islanders" to accept Argentina's sovereignty over the archipelago.

The minister said the Argentine Goverament will be able to conclude "a successful negotiation" on this issue "very soon." Di Tella, however, expressed doubts that the objective can be reached "in the next four years."

Editorial Criticizes Proposition 187 as Xenophobic

PY1611215394 Buenos Aires CLARIN in Spanish 15 Nov 94 p 14

[Editorial: "A Discriminatory Proposition"]

[FBIS Translated Text] California Governor Pete Wilson's Proposition 187, calling for the suspension of social welfare services for illegal immigrants residing in his state, has triggered deep and understandable indignation among wide sectors of the Californian community, especially among Hispanics and Mexican authorities and citizens. Governor Wilson used the proposal for depriving illegal immigrants of health care services—except in case of emergency—and for expelling their children from school as one of the main arguments of his campaign for the recently-held elections, in which he was re-elected.

According to several interpretations, a sizable part of the middle class allegedly voted for Wilson because these voters consider the benefits granted to illegal immigrants are one of the main causes of the crisis facing California's health-care system.

Many community leaders have already rejected this measure, which will have to be settled in upcoming days, and President Bill Clinton has voiced his opposition to Proposition 187 on the grounds that it is unconstitutional. Mexican President-Elect Ernesto Zedillo labeled it an offensive electoral ruse that might damage relations between the two new NAFTA partners.

Zedillo referred to a wound that refuses to heal—he contends that Mexican immigrants to California should be accorded special treatment since that state used to belong to Mexico. Proposition 187 is a shining example of the growth of conservative tendencies in the United States, as confirmed in the recent presidential [as published] elections and a growing fear of immigration. The most common argument put forward by those who either oppose immigration or want the exclusion of illegal residents from social security is that the latter rob Americans of their jobs and social benefits.

Despite the increasing number of immigrants, which in California is very high, there is no empiric evidence to substantiate this argument.

On the contrary, many analysts believe immigrants perform tasks in which Americans are unlikely to engage; they toil for little pay, and their incidence on the social security system is irrelevant. Even some staunch conservatives believe the contribution by immigrants to the U.S. economy is greater than the burden they may represent in some aspects.

The rejection of immigrants therefore lacks a rational motive and seems more like a hunt for scapegoats. It is not an act of justice, but rather of discrimination and xenophobia. Proposition 187 does not even have the virtue of being efficient, since experience shows that repressive measures do not stem the immigration tide; indeed they only serve to worsen the plight of those steeped in misery.

The United States—like Argentina and many other countries in Latin America and the world—is a melting-pot of different nationalities that has forged its social structure and culture. It should not accept discriminatory options that go against its loftiest traditions. On the contrary, it ought to seek constructive solutions to promote the creation of new jobs and the wellbeing of the people, regardless of their origin, color, or creed.

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Bolivia

Aranibar Denies U.S. 'Pressure' on Extradition Treaty

PY1611171794 Cochabamba LOS TIEMPOS in Spanish 4 Nov 94 p A3

[FBIS Translated Text] La Paz (LOS TIEMPOS)—Foreign Minister Antonio Aranibar today denied reported pressure by the U.S. Administration to begin negotiations on an extradition treaty. Aranibar said that a new extradition treaty between Bolivia and the United States will be analyzed as of 16 November, when U.S. Ambassador-designate Curtis Warran Kamman will present his credentials to President Gonzalo Sanchez de Lozada.

The foreign minister said: "There is no such (pressure). This issue is of special interest for the United States. It has proposed negotiations on different occasions and the Bolivian Government has expressed its willingness to begin an analysis of the negotiations and the possible signing of an extradition treaty."

It was recently said that the Bolivian Government would be the object of "strong pressure" by the U.S. Administration to begin talks seeking the signing of a new extradition treaty that will replace the obsolete treaty of 1900, which does not contemplate the drug trafficking crime.

Denying this extreme situation, Foreign Minister Aranibar said that the "final touches" are being given to the document prepared jointly between the foreign minister and the justice minister. He said that the basic elements of the Bolivian position on this controversial issue have already been fully identified—although he did not mention them—and noted that they are waiting for the right moment to begin the negotiations with the U.S. representatives.

"The negotiation stage has not yet begun. We are in the stage of preparing the Bolivian position on this matter," Aranibar said.

Although he did not say it explicitly, the negotiations will begin when new U.S. Ambassador to Bolivia Kamman arrives. He is scheduled to present his letter of credentials to President Sanchez de Lozada on Wednesday, 16 November, at 1100.

Kamman will replace Charles Bowers in that important post.

Finance Minister Reports on International Loans

PY1611223094 La Paz HOY in Spanish 8 Nov 94 p 10

[FBIS Translated Excerpt] Finance and Economic Development Minister Fernando Cossio yesterday said that the Consulting Group [Grupo Consultivo] organized by the World Bank has promised $400 million to finance the structural reforms implemented by the Bolivian Government.

Of the $1.05 billion offered by the international financial community for the next three years, $400 million will be used for the main reforms: capitalization, popular participation, pension system reform, educational system reform, and state apparatus modernization.

The remaining $650 million will be used in basic infrastructure improvement projects, including rural development programs, and in concessional financing for the development funds that exist in Bolivia.

Infrastructure Support

The financing for the development funds has the double objective of promoting development strategies in rural zones and strengthening the popular participation process, Cossio said.

The finance minister preferred, however, not to give details of the amount of money involved, arguing that Marcelo Mendez, under secretary for public investment and external financing, will report on the figures once he returns.

Decided Support from CAF

The $1.05 billion that were promised is partly made up of donations and of debts contracted under concessional terms, Cossio said, adding that the only nonconcessional loans contracted by Bolivia are those from the Andean Development Corporation (CAF).

During the ninth meeting of the Consulting Group, the CAF promised to approve operations worth $350 million for the next fiscal year as well as disbursements amounting to approximately $250 million.

Fresh Resources

According to the finance minister, the $1.05 billion financed by the Consulting Group are "new offers" because the loans that have already been signed and are being used, even though they are at inferior stages [as published], are not taken into consideration.

He added that the total financing will probably be disbursed in the upcoming two or three years. "The important issue is that we are ensuring a mass of resources for the 1995, 1996, and 1997 terms," he said.

Solid Support

Cossio reiterated that the main Bolivian reforms received "solid" support from the representatives of the 24 countries and international institutions that participated in the ninth meeting of the Consulting Group for Bolivia, which took place in Paris from 2 to 4 November under the World Bank sponsorship. [passage omitted]

Well Regarded

"Many donators renewed their commitment to supporting the educational system reform, which will have a long-term effect on the poor," said Human Development Minister Enrique Ipina. He stressed the importance of

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the efforts to diminish poverty in the short term, especially in rural areas, together with the structural reform, which will have long-term effects.

The Bolivian Government delegation was "congratulated for its clear attempt to liberate political and economic power through popular participation" by strengthening the action and administrative capability of the Bolivian municipalities.

Social Defense Secretary Views Drug Trafficking

PY1611180094 La Paz PRESENCIA in Spanish 8 Nov 94 p 7

[FBIS Translated Text] In a virtual attack on coca producers in Chapare, the executive branch yesterday announced that about 23,000 coca farmers are connected to drug trafficking. In addition, it admitted that drug trafficking has also infiltrated "certain government levels."

Social Defense Secretary Mario Soliz announced the official government's position. He added that a total of 2,000 coca maceration pits have been destroyed in the Chapare region since 7 July, and this confirms that coca producers have become an important link in the chain of the cocaine paste manufacturing process.

He said: "We have to be very specific. As a result of the 'New Dawn' operation, a total of 2,000 maceration pits were found in Chapare. Drug traffickers use what is produced in 30,000 hectares of coca. I believe the president is right in asserting that coca farmers have already become another part of the drug trafficking chain because over 23,000 coca stompers are needed for 2,000 maceration pits."

Soliz said: "The number of foreigners in Chapare does not total 23,000. In view of this, in one way or another, with the production of cocaine paste that is later refined in other countries, Bolivian coca producers have been pushed into drug trafficking activities."

Answering a journalist on whether it can be confirmed that all of the persons involved are producers, Soliz said: "Absolutely not. What we are doing is stating that the problem is real, that it exists. We cannot ascertain that all of them are involved because we cannot overlook the fact that right now in Chapare there are over 50,000 hectares of alternative crops."

Soliz said: "Coca producers represent a small group, but among them are people involved in drug trafficking. There are honest coca farmers who are trying to make an honest living. The government has to see the means to solve this problem."

He said that it is not the intention of the Sanchez de Lozada administration to promote an atmosphere of unrest among coca producers, but that it is the government's duty to prevent any eventual violence in the conflictive Cochabamba tropical region.

He stated: "A strategy (of voluntary eradication, interdiction, and alternative development) has been implemented since 1987. It must be perfected and corrected. Producers must be involved in this strategy; this is necessary so that they may be part of the change, so that they may specify their requirements, and see to the implementation and control."

He added that there is a master plan to try to expedite alternative development in Chapare, but he admitted that in order to be successful, it is necessary to count on the cooperation of industrialized countries which constitute the main cocaine markets. Soliz admitted: "Bolivia has been lucky in not having to experience any violence. It is also obvious that people have gotten used to the presence of coca producers, for our country to export cocaine, for drug trafficking to have infiltrated certain government levels, and for nothing to be done about it."

Soliz said: "The time to change this situation has come. The time has come to definitely affect the drug traffickers' interests and for other countries to start looking for the 'fat fish.' We are affecting the interests of drug traffickers, and they are going to make every effort to continue enjoying the same privileges."

Executive Branch Infiltration Denied

PY1611180894 La Paz HOY in Spanish 9 Nov 94 p 8

[FBIS Translated Text] Social Communications Minister Ernesto Machicao has denied press reports stating that drug trafficking has infiltrated the executive branch.

He said this is virtually impossible because "the most important thing President Gonzalo Sanchez de Lozada looks after is to have an honest administration."

A press report published yesterday stated that Social Defense Secretary Mario Soliz said that drug trafficking has been able to infiltrate "certain" government levels and that this is why the people downplayed warnings about drug trafficking.

Machicao said he is not aware of the reasons that compelled Secretary Mario Soliz to make such a statement, but he asserted that this statement is out of context because the executive branch is spared from this problem.

He said: "The president is a man who has never been involved in corrupt activities. This is one of his main characteristics. There is nothing to say about corruption or drug trafficking."

He added that there is an undeniable connection between drug trafficking and the Chapare region.

He said: "This is a delicate issue. It has to do with drug enforcement, but we cannot overlook the fact that there is a connection between Chapare and cocaine. This is something we must admit. This is a fact, and we cannot ignore it."

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Military Promotions Suspended Due to New Organic Law

PY1711004594 La Paz LA RAZON in Spanish 6 Nov 94 p A3

[FBIS Translated Excerpt] (ANF)—Army Commander General Reynaldo Caceres has confirmed that there will be no promotions to the rank of general in any of the three forces in 1994.

General Caceres explained that the new Armed Forces Organic Law is being regulated to extend active service in the institutions from 30 to 35 years. He said the measure will be implemented gradually.

He added that this process will continue for the next four years. [passage omitted]

Cost of Public Sector Restructuring Calculated

95SM0036A La Paz HOY in Spanish 20 Oct 94 p 12

[Article: "Reforms Cost a Great Deal"]

[Text] ANF [Fides News Agency]—The cost of structural reforms between 1994 and 1999 is estimated at $1.256 billion, according to a recent study published by Consultora Muller Asociados [Muller and Associates]. By 1999 that cost will be the equivalent of 2.9 percent of GDP [Gross Domestic Product].

It is stated that in 1994 reforms to public companies will require the expenditure of $147.5 million, $174.5 in 1995, $136.1 million in 1996, $75.6 million in 1997, $87.6 million in 1998, and $85.9 million in 1999.

The process of capitalization and the reform of the social security system will have a budgetary cost estimated at 3.3 percent of GDP as an annual average during the period 1995-1999. In addition 1.0 percent of GDP should be earmarked annually during the same period for the normal operations of the social security system.

Consequently, to maintain the budgetary deficit at or less than 3.0 percent, it will be necessary, on the one hand, to increase tax collections and, on the other hand, reduce spending. It is stated that what levels of tax collection would be appropriate will depend on what is determined to be adequate in terms of public spending.

For social programs $167.5 million will be needed, with the largest amount in 1995, when $70 million will be required. After 1997 this category will not require larger expenditures.

During the period 1994-1999 service on the external debt will amount to $417.9 million. Total debt incurred will amount to $303 million during the same period. Debt repayment will be $178 million, and interest payments will amount to $125 million.

In a document published by the World Bank it is emphasized that what is appropriate in terms of levels of tax collection depends on what is determined to be an adequate level of public spending.

The consulting company states that to reach a growth rate greater than 5.0 percent, overall investment will have to be equivalent o73 to 20 percent of GDP. In this program state investment would be about 6.0 percent. The rest would relate to private investment which, in absolute terms, would have to be about $1.0 billion per year, on the average.

Human Rights During 12 Years of Democracy Viewed

95SM0036B La Paz HOY in Spanish 9 Oct 94 p 3

[Article: "The State of Law Is a 'Utopian Dream'"; first paragraph is editorial introduction]

[Text] Two of the members of the APDHB [Bolivian Permanent Human Rights Assembly] and the Committee on Human Rights in the Chamber of Deputies, are preparing a candid diagnosis of the human rights situation in Bolivia after 12 years of democracy. Although, in this connection, they do not ignore the progress which the opening toward democracy has meant, the balance sheet is a pessimistic one.

On 8 October two defenders of human rights in Bolivia agreed in pointing out that the state of law which Bolivian workers and intellectuals struggled to achieve against military dictatorships is still a utopian dream after 12 years of life in a democracy.

After 12 years of experience with the democratic system as a form of government, the balance sheet on the human rights situation in Bolivia, prepared by the Bolivian Permanent Human Rights Assembly (APDHB) and the Committee on Human Rights in the Chamber of Deputies, is pessimistic. However, representatives of the two organizations point out that a great deal of progress has been made, compared to the days of the military dictatorships.

This was stated by Ramiro Barrenechea, a leftist deputy and member of the Committee on Human Rights of the lower house of Congress. He pointed out that the survival of "the authoritarian and coercive state" is "almost diabolic." He said: "In these 12 years I think that an adequate appreciation of what rights and especially human rights are has not been achieved. The concept of a State of Law is only an illusion."

In a brief comparison between military and democratic regimes Guillermo Vilela of the APDHB said that although under military regimes, "the individual and collective human rights of persons were violated and torture was practiced, it has been the limited exercise of democratic practices which has ensured that some forms of dictatorial practices, such as impunity from prosecution, assaults, improper arrest and detention, and other, similar acts," would continue. However, both men also agreed in stating that, "The worst democracy is better than the best dictatorship."

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Barrenechea remarked: "Some 12 years after the return to democracy, I believe that we would be prepared to do the same thing as we did then, in the hope that by following this path it would be possible to improve democracy, which is better than any dictatorship."

Principal Violations

And although assaults have declined with the disappearance of the dictatorships, torture, improper detention, murder, immunity from arrest and prosecution, and violations of the laws of the Political Constitution of the State have not disappeared. Furthermore, in the view of both men, democracy must bear the heavy burden of poverty and unemployment, two problems which have worsened since 1985.

Among the principal violations of human rights during the past 12 years the APDHB pointed to the massive dismissal of workers, the repression of free expression by broad categories of people in pursuing their claims, limitations to the application of social security legislation, the continuation of the practice of torture as a method of interrogation, and the violation of some cultural practices.

Vilela said: "By comparison with the dictatorial governments we have made a great deal of progress. However, practices are still going on which are not democratic, which violate the rights of human beings and citizens, and which continue pre-existing levels of impunity from arrest and prosecution."

On the other hand Barrenechea mentioned first the manipulation of the law by government officials or "the unilateral application of the law."

Deputy Barrenechea said: "The state thinks that it is always the ordinary citizen who is wrong. Furthermore, the citizen is excluded from the benefits of the law, but the state demands that the citizen subject himself to the law."

Barrenechea added: "The individual is subject to punitive law. The state benefits from exceptions to the law." Furthermore, he said: "Human beings have been reduced to statistics. An ethical system has not been developed but rather a system of pragmatism. Economic models have been imposed on the basis of technocratic visions of efficiency, without taking into account the people who have to suffer from these visions. This has led to policies like massive dismissals of workers, cuts in the budget of public services, etc."

Barrenechea pointed out that, "The ideology of terror and of impunity from arrest and prosecution have not changed." o73 He continued: "The supreme, juridical end is the state, not mankind or liberty. That is why all forms of repression have been justified." He pointed out that in Bolivia we are being defeated by a form of psychological warfare which makes us think that it is impossible to realize our full, human potential.

A Criminal State?

In the view of Vilela and Barrenechea, the violation of the laws and the constitution is a sufficient basis for concluding that the State of Law is an ideal which has not been achieved.

Vilela said: "We believe that democracy has the means for its own defense, when common criminal or any other actions are committed. We consider that we should resort to the means which democracy has to preserve the established order, without having recourse to improper arrest and torture."

Always on the Crest of the Wave

According to the two analysts, the principal reason why, after 12 years of democratic experience, the State of Law continues to be an unreachable dream, is that neither the political system nor the system of repression were purged of "the collaborators and instruments" of the dictatorships.

Vilela said: "There is a very special characteristic in our democratic process. Elements of the dictatorships still live alongside of and survive, together with democratic elements."

Vilela continued: "It is not so much that people who previously favored the dictatorships have not repented of their views but rather that these are the elements who have made it possible for our democracy to grow weak. They have made it possible for certain elements to survive who continuously express antidemocratic attitudes, such as repression and/or policies which undermine democratic principles and violate human rights."

For his part Barrenechea explained, using a kind of neomarxist analysis, that the present group holding power in the government is made up of the same social classes which held power 12 or even 50 years ago.

He added: "These groups and their servants have never left power. They have manipulated it and have continued to manipulate it for the past half century."

Brazil

Elections 'Practically Defined' in 9 States

PY1611190694 Rio de Janeiro Rede Globo Television in Portuguese 1500 GMT 16 Nov 94

[FBIS Translated Text] The vote tally is about to conclude in five more states where the results are practically defined: Eduardo Azeredo, from the PSDB [Brazilian Social Democracy Party], will be the new governor of Minas Gerais; Almir Gabriel, also from the PSDB, will win in Para; Maguito Vilela, from the PMDB [Brazilian Democratic Movement Party], will win in Goias; Joao Capiberibe, from the PSB [Brazilian Socialist Party], will win in Amapa; and Orleir Cameli, from the PPR [Progressive Renewal Party], will win in Acre.

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Let us now confirm the figures in two northern states: In Roraima, where 39.5 percent of all the votes have been tallied, candidate Neudo Campos, from the PTB [Democratic Labor Party], is ahead, with 59.7 percent of all the valid votes, while Getulio Cruz, from the PSDB, has 40.3 percent of the votes.

In Rondonia, where 68.5 percent of all the votes have been tallied, Waldir Raupp, from the PMDB, leads with 73.9 percent, while Chiquilito Erse, from the PDT, has 26.1 percent of the votes.

Let us now see the figures from Piaui State, where 84.7 percent of all votes have been tallied: Candidate Francisco Moraes Souza, known as Mao Santa, from the PMDB, leads with 56.7 percent of the votes, while Atila Lira, from the PFL [Liberal Front Party], has 43.3 percent of the votes.

In Bahia, where 76.7 percent of the votes have been tallied, Paulo Souto, from the PFL, has 54.4 percent of the votes, while Joao Durval, from the PMN [National Mobilization Party], has 41.6 percent of the votes.

Election of 6 Governors Confirmed

PY1611125194 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 16 Nov 94

[Report by Lourival Macedo; from Superior Electoral Court headquarters—live]

[FBIS Translated Text] The Superior Electoral Court has already completed the counting of votes for four states.

In Santa Catarina, Paulo Afonso won with 50.8 percent of the votes. In Rio Grande do Sul, Antonio Britto won with 52.2 percent. In Espirito Santo, Victor Buaiz won with 55 percent. In Sao Paulo, Mario Covas won with 56.1 percent.

The counting of votes has also ended in Sergipe, where Albano Franco won with 51.7 percent of the votes, while favorite candidate Jackson Barreto had 48.3 percent.

In Paraiba, where 99.99 percent of the ballot boxes have already been scrutinized, the counting of votes will soon be completed.

In Maranhao, Roraima, and the Federal District, the counting of votes will begin in a short while, at 0800.

Antonio Mariz is the new governor of Paraiba. He was elected with more than 52 percent of the votes. He defeated opposition candidate Lucia Braga, who received a bit less than 37.5 percent of the votes. The regional electoral court has already counted 99 percent of the valid votes, and vote counting is expected to be concluded this morning.

In Paraiba, blank votes accounted for 1.2 percent of the total, while null votes accounted for 9.2 percent of the total.

Challenges of State Debt Inheritance Await Governors

PY1511221194 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Nov 94 p A21

[Article by Jose Casado]

[FBIS Translated Text] The date of 16 November will represent something more for President-elect Fernando Henrique Cardoso than simply the day after the runoff elections in 17 states. It will be a strategic day from the political point of view.

The resolution of the elections for the governments of the states of Sao Paulo, Minas Gerais, Rio de Janeiro, and Rio Grande do Sul marks the beginning of a race against time: Cardoso will have to settle a 17.8 billion real [R] (or $21.2 billion) debt with the new governors, expressed in state debt certificates that are circulating in the financial market.

This is the most meaningful portion of the financial inheritance left by the current governors to their successors. But it is only a portion, the one that the Central Bank can measure monthly. This debt does not include the state debts contracted with construction companies and suppliers; it represents only the pile of debt certificates accumulated by the states. A portion of these certificates were issued precisely to help pay for public works and services.

This debt has practically doubled in the past 22 months. The state debt certificates put upward pressure on interest rates, causing a chain reaction that affects the working capital of private companies, which must then pass on their increasing costs to their prices for consumers, thus generating inflation.

The debts of the states are already affecting several state banks, as in the case of Banespa [Sao Paulo State Bank], the second largest financial institution in the country. The problem is the following: The states and municipalities of Sao Paulo and Rio de Janeiro attempt to refinance their debts through debt certificates placed on the market, which in turn rejects these papers; the Central Bank then intervenes, exchanges their state debt certificates for federal ones (Central Bank Certificates) [LBC's], and the states and municipalities return them to the market, which accepts the LBC's but at a "discount."

The state banks administering these debts, except for Banespa, must then face daily monetary availability problems. The banks must therefore resort to the private financial system, which lends them money, charging an exorbitant price.

In the past 22 months the cost in dollars of these debt certificates classified as "rotten certificates" has been over 70 percent. This means that the debt of the states and municipalities has become a real threat to the immediate future of the economic stabilization plan.

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Together, Sao Paulo, Minas Gerais, Rio de Janeiro, and Rio Grande do Sul are responsible for 80 percent of the total public debt of the states.

According to the most recent Central Bank report, 41 days ago, before Cardoso's election, the domestic public debt in certificates of 15 state governments and the municipalities of Sao Paulo and Rio de Janeiro reached the record figure of R22.3 billion ($26.2 billion). This is nearly double the amount of money the country spent, for example, to build the Itaipu hydroelectric dam, the largest on the planet.

Sao Paulo State is responsible for the largest portion (39 percent) of this debt. This is the legacy Governor Luiz Antonio Fleury Filho leaves his successor, who will be chosen 15 November between Mario Covas (PSDB) [Brazilian Social Democracy Party] and Francisco Rossi (PDT) [Democratic Labor Party].

Fleury represents a group of governors who, in most cases, came into power with a high debt already contracted by their predecessors. In the case of Sao Paulo, Fleury's predecessor was Orestes Quercia. Fleury, who failed in his attempts to reduce the state debt, now ends his mandate attempting to increase it: He asked the Senate for authorization to issue R1.6 billion in new debt certificates, something which the Central Bank is attempting to prevent.

Further on State Debt Problems

PY1511230494 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Nov 94 p A22

[Article by Jose Casado]

[FBIS Translated Text] In 50 days, President-elect Fernando Henrique Cardoso will be sworn in to power with a 22.3 billion real [R] (or $26.2 billion) debt expressed in state and municipal debt certificates, which are being traded on the domestic financial market.

Of the whole public debt, the states' debt nonetheless constitutes a minor portion (37 percent) of it. The largest portion corresponds to the federal public debt. The problem is that the states and municipalities have total autonomy in administering their finances. In the last decades, state finances have been administered with local political criterion that in general go against national economic policy.

In order to guarantee the continuity of the economic stabilization program that generated the Real Plan, Cardoso will not only have to negotiate a solution for this debt with the 15 new governors and the mayors of Sao Paulo and Rio de Janeiro. He will also have to negotiate some kind of permanent settlement to administer state and municipal finances.

This effort has the proportions of an immense political challenge, which not only involves Cardoso but also the 17 governors who will be elected on 15 November.

According to the Central Bank, the leaders in state debts expressed in "rotten" certificates are: the State of Sao Paulo (R8.5 billion or $10 billion); Minas Gerais (R4 billion or $4.7 billion); Rio Grande do Sul (R2.9 billion or $3.4 billion); Rio de Janeiro (R2.7 billion or $3.1 billion); the municipality of Sao Paulo (R1.4 billion or $1.6 billion); and the municipality of Rio de Janeiro (R681.5 million or $803.6 million).

The municipality of Sao Paulo has the absolute record of debt growth in the past 22 months. Paulo Maluf's municipal administration increased the state public domestic debt by 150 percent, well above the national average rate, which doubled during the mentioned period.

The effect of the interest rates—which permanently increase the public debt—is similar to that of a "snowball," says Jose Afonso Bicalho, Minas Gerais State finance secretary. The case of Minas Gerais is typical. In the past five years the Minas Gerais debt in certificates jumped from $1.4 billion (January 1989) to $4.7 billion (September 1994).

In the past four years the current Minas Gerais administration disbursed $800 million only to mortgage its debt and guarantee the "rollover" of its certificates. During the first half of the year Minas Gerais paid R667 million in interest alone—that is, it paid the principal alone by accumulating interest over interest [as published].

Minas Gerais thus did not manage to pay its debt. The debt has increased, and Minas Gerais inhabitants are now paying two bills.

One of the bills corresponds to what was not done with the money (the $800 million could, for example, have financed the construction of 250 low-income houses). The other bill corresponds to the debt certificates' inflationary effect on the people who earn less than five minimum salaries. These people do not have access to basic inflation-protection mechanisms for their money, like a savings account.

The same picture can be observed in the states and municipalities, with the added problem that besides the debt, personnel expenses have increased substantially. In Rio Grande do Sul, says state Finance Secretary Orion Cabral, personnel expenses "have increased considerably as a result of the benefits granted to them by the Constitution." The governor to be elected by the Rio Grande do Sul voters on 15 November will come into power on 1 January with the possibility of governing with hardly 10 percent of his budget, and nothing beyond that.

Central Bank President Views Cardoso Plans

PY1611021594 Sao Paulo ISTOE in Portuguese 9 Nov 94 pp 80-81

[Interview with Central Bank President Pedro Malan by Liciano Suassuna, Sonia Filgueiras, and Raymundo Costa, place not given, on 31 October]

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[FBIS Translated Text] [ISTOE] The president-elect intends to spend $20 billion from the exchange reserves on infrastructure programs. Do you agree?

[Malan] I did not participate in that decision—if it is a decision.

[ISTOE] It is written in his government platform. Doesn't that harm the economic stabilization plan?

[Malan] I do not know how that figure was obtained.

[ISTOE] But haven't you adopted a position in face of such a proposal?

[Malan] No, I would have to see the details.

[ISTOE] Didn't you read his government platform?

[Malan] Of course I did, but I am not responsible for the government platform.

[ISTOE] Fernando Henrique Cardoso's government platform foresees several investments next year in the field of education, while at the same time there are fiscal problems with a 7 billion real [R] deficit. Wouldn't such proposals cause inflation?

[Malan] When a budget shows a deficit, it does not necessarily mean that there will be a deficit. The objective of a budget is precisely to indicate what will happen if nothing is done to avoid a deficit. You must then consider doing something about it. That is how it was in the past. The deficit was enormous in August 1993. The size of the deficit depends on the manner in which it is renegotiated.

[ISTOE] Would you accept becoming finance minister?

[Malan] I will not answer that question. I will not discuss political matters.

[ISTOE] But don't you agree that a team that is winning should not be changed?

[Malan] I think Brazilian society is winning because it has been freed from the burden of inflation.

[ISTOE] The president-elect intends to have a strong economic advisory team in Planalto Palace. Won't that harm the actions of the Finance Ministry and the Central Bank president in the administration of the economic plan?

[Malan] No, as long as—and I don't see why not—the orders of the president of the Republic are very clearly in keeping with the guidelines I have always maintained: to increase the efficiency of the administration of the government; to reform the administration; to amend the Constitution; and to implement things that will reduce the cost producing goods and services in Brazil. As long as the general guidelines are clear, I see no problems.

[ISTOE] Will the Christmas of the Brazilian people be more consumption-restrictive?

[Malan] It will be one of the best in the last few years.

[ISTOE] Do you expect more restrictive economic measures?

[Malan] No, I expect that more flexible rules will be implemented from now on.

[ISTOE] Isn't the lack of supply due to speculative businessmen?

[Malan] No. It was the increase in demand. It increased for three reasons: the use of the installed idle capacity of the factories; enormous productivity gains by the industries in the past few years; and third, investment in increasing production capacity. It was only a problem of speed.

[ISTOE] No businessmen resorted to the maneuver of reducing production to afterwards increase their prices?

[Malan] There are many different kinds of cases. The Brazilian economy is so diverse and complex that cases like the one you mentioned could have taken place.

[ISTOE] Finance Minister Ciro Gomes was complaining about the businessmen, and even called consumers stupid for paying under-the-table prices to buy cars.

[Malan] I think he is right when he says that there is no reason to pay R3,000 or R4,000 under the table when buying a car. But I do not want to compare styles in calling the public's attention to economic issues.

[ISTOE] When the URV [Real Value Unit] was implemented, businessmen said the plan was recessive. Now with these anti-consumption measures, businessmen said sales would drop drastically. Isn't their argument outdated?

[Malan] I think it is natural that the first reaction be like that. Afterward a more serious evaluation will prevail in both the government and private sector, as long as we based ourselves on a common objective: It is possible to coexist with a civilized inflation rate.

[ISTOE] In other countries where a stabilization process was implemented, the business leaders ended up changing their position. Could that be repeated in Brazil?

[Malan] This process is always happening. There are Brazilian companies that have widely demonstrated their ability to look into the future, to engage in technological modernization, and to make productivity adjustments. The number of Brazilian companies that obtained the ISO [International Standards Organization] (international quality certificate that facilitates exports) was laughable three years ago. Nowadays we have double the number of companies with the ISO certificate than South Korea, Thailand, or India. These things are in a permanent process of mutation. It is difficult to forecast how this will be reflected among business leaders.

[ISTOE] Has the battle against inflation been won?

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[Malan] I hope we have not given a wrong impression that the battle against inflation has been won. We never thought that. Many things must be done to consolidate this progress. Considering the experience of stabilization in other countries of the world, it has taken time. Inflation will not be defeated or brought down with a technical pirouette or a magic trick. It does, however, take time. It requires many things. The problem is that in Brazil, unfortunately, the idea that things should not be painful still persists. People think that we can control an inflation rate of 7,000 or 8,000 percent a year—which was where we were heading—and attain a low inflation rate without paying for it, without any costs, without any problem, as if paradise would come just by snapping your fingers.

[ISTOE] What still has to be done?

[Malan] Several things. First, to make sure that demand does not grow more than the industries' capacity to ensure supply. Second, to have a consistent exchange and interest policy. Third, to prevent what Chico Lopes [Cruzado Plan mastermind under President Sarney] calls the return of the drug, i.e., reindexation of the economy. Lopes' metaphor is well put. It is not simple to cure the vice of hard drugs. Even the person who will benefit from the cure resists undertaking the treatment. Fourth, to approach the fiscal issue.

[ISTOE] Is there any risk of a reindexation of the economy?

[Malan] Yes, there is a very great risk. There are all kinds of pressures in favor of implementing monthly readjustments on financial investment yields and price readjustment. This would be the return of indexation. There is huge pressure. To again index the economy would mean putting an end to the anti-inflation program and to reinstate taxation. I hope Brazilian society will not choose to again collect taxes from the destitute.

[ISTOE] Isn't the use of the IPC-r [Consumer Price Index-real] for salary readjustment a sort of indexation?

[Malan] This was the result of a negotiation process in Congress. It had not been thought of before. The congressional proposal contemplates granting readjustments based on the IPC-r on the collective agreement renewal date. If the idea of granting monthly readjustments based on the IPC-r becomes generalized, indexation can indeed return.

[ISTOE] What will be the worst challenge the next administration will have to face?

[Malan] The need to increase effectiveness in the management of public assets. In addition, it will have to modernize the government and implement the administrative reform society has been insistently demanding, particularly because citizens have been paying their taxes and do not have a government—federal, state, or municipal—capable of rendering an adequate level of services or of being effective. Privatization is necessary to ensure that. From the tax revenue point of view, it will be necessary to implement a fiscal reform reducing the excessively high number of taxes and social contributions that are currently burdening citizens and companies alike. The fiscal reform should broaden the tax base and thus reduce artifically high tax rates without hindering the overall tax revenue. This will have to be done.

[ISTOE] How would you reduce the number of taxes and increase tax collection?

[Malan] I want to broaden the tax base, improve the effectiveness of the tax-collecting apparatus, and fight tax evasion. The problems of this area of the government—from the revenue point of view as well as from the expenditures point of view—must be solved. It is hard to imagine a consolidated stabilization coexisting with diffficulties in the area of federal and state government accountings. The other aspect to be considered refers to the financial system. There will be changes in the structure of the system and in its modus operandi. There will be acquisitions, huge mergers, and takeovers.

[ISTOE] You are talking about expanding the tax collection base. Those who do not pay taxes will begin to do so?

[Malan] This is the basic precept: Everyone pays in accordance with his or her possibilities.

[ISTOE] Didn't the Central Bank exaggerate in charging 15 percent on loans?

[Malan] We preferred to adopt preventive measures and, if it is the case, become more flexible later on instead of rushing after faits accomplis.

[ISTOE] The government has been seeking to make importing easier, but entrepreneurs complain that there are still many bureaucratic obstacles. How can that be simplified?

[Malan] For decades the policy was to prevent imported products from entering the country. Some laws have been accumulating, certain certificates are demanded from one ministry, others from another. Some of these laws were promulgated 40, 50, or 60 years ago. You come about some of these laws when trying to understand why importing a certain product is made so difficult.

[ISTOE] The current team has already been authorized to make the state government banks financially safe. What are you doing?

[Malan] From a general point of view, the state government banks have been doing a good job. The system as a whole, however, will have to undergo a more structural readjustment. I believe there is great awareness about this issue. So much so that some governors have already said they are willing either to capitalize these banks or sell their state government real assets to allow this capitalization. They are also considering the possibility of solving the debt problem by converting the debts into bonds.

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[ISTOE] Doesn't the ceiling for money issuance compromise the plan's creditability?

[Malan] I hope that once it is suitably explained and understood it will not. All experts know that it is extremely difficult to foresee the intensity of a monetization process. We cannot believe that a figure must be respected independently from its desirable or undesirable implication for the economy as a whole, i.e., that the interest rate goes sky high or that the real becomes super valuated. These details must be analyzed.

'Satisfaction' Expressed Over Iraqi Recognition of Kuwait

PY1611230794 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 16 Nov 94

[FBIS Translated Text] In a communique, the Foreign Ministry has conveyed the Brazilian Government's satisfaction over the Iraqi recognition of Kuwait's sovereignty, independence, and territorial integrity.

The communique adds that the Brazilian Government hopes this will be a major step toward easing tensions in the Gulf region and toward promoting the normalization of relations between Iraq and the international community.

Embratel Battles U.S. Telephone 'Call Back' System

PY1511202394 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Nov 94 p B13

[Article by Denize Bacoccina]

[FBIS Translated Text] The solution found by Embratel [Brazilian Telecommunications Company] to combat what it calls smuggled telephone calls is a reduction in international telephone charges by an average of 17 percent as of 1 November. The call back [two preceding words in English] (a return call), which is a system in which the telephone fares are paid in the United States at a cost up to 57.9 percent below that charged by Embratel, already represents a monthly loss of $50 million for the Brazilian telephone company.

"We are fighting the call back service with a market reaction," says Embratel International Operations Director Edson Soffiatti. The first call back contracts began to appear in Brazil four years ago, informally breaking the government telephone monopoly. Soffiatti estimates that the calls made through the call back system currently represent 10 to 11 percent of all international calls made in Brazil. Calls to the United States through the call back system represent 30 percent of the total calls made between the two countries.

In money, the loss amounts to 7 or 8 percent of the $700 million that Embratel sells in international telephone calls. The loss is not larger because international agreements foresee the payment of a percentage of the charge (ranging from 25 to 40 percent) to Brazil, the country receiving the telephone call. In the case of a call back, the telephone user sends a signal to a U.S. computer central indicating that he wants to make an international call. The user hangs up the phone and in a few seconds his call returns with an open line, as if he were in the United States.

Soffiatti believes that diminishing Embratel's international charges is the most efficient manner by which to end the call back system, a service he labels as "improper use of the telephone network system." Although the system uses an American telephone line to make the international call, the call is made through Embratel. The call back, however, is not illegal. "Is is not legal either," said Soffiatti. He believes that the system goes "beyond the law" as this kind of operation is not foreseen in the international telecommunications law. The contract for the call back system is signed between the user and a U.S. company, and the bill is paid through an international credit card as an expense made abroad. The great loser in these operations, according to Soffiatti, is, first, the government, which loses 25 percent in taxes, and, second, Telebras. "It is like a smuggling operation," he said.

Embratel installed Datafax this year, an exclusive fax transmission service that reduces call costs by half. Embratel is also considering offering discounts for clients who make international calls above a certain volume.

A 4-minute call to the United States currently costs $1.80, while in August last year it cost $3.80.

Chicken Exporters Demand Reciprocity Accord With U.S.

PY1511202194 Sao Paulo GAZETA MERCANTIL in Portuguese 11 Nov 94 p 14

[Article by Claudio Facchini de Cesare in Sao Paulo]

[FBIS Translated Text] Brazilian chicken exporters want the government to conclude a reciprocity agreement with the United States, which is the natural supplier of chicken to Brazil, before facilitating its chicken imports into Brazil, which currently pay a 10 percent tariff. The United States has banned Brazilian chicken from its market, citing health concerns among other reasons.

Brazil and the United States are major competitors on the international market, ranking respectively at world level as the second and first largest chicken exporters.

Claudio Martins, executive director of the Brazilian Association of Chicken Exporters (ABEF), said that "there is no reason to open up our market to a country that has closed itself to Brazilian chicken." The United States exports the so-called grandparent fowl—breeding animals—to the Brazilian market. "The United States should have the same problems that we allegedly have here," Martins pointed out.

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Negotiations with the United States over a reciprocity agreement are under way, said Marcos Ferreira, cabinet chief of the National Secretariat for Agriculture and Livestock Defense, at the Agriculture Ministry. A Brazilian technical mission is due to travel to the United States in December to inspect enterprises that want to export to the Brazilian market, he added.

The United States has already agreed to negotiate, and will also send a technical mission to Brazil. Martins said ABEF is making up a list of meat-packing plants that would like to export to the U.S. market.

Ferreira denied the charges pressed by Intervex, a Rio de Janeiro enterprise, that the ministry is raising non-tariff barriers to the importation of U.S. chicken into Brazil by setting restraints on the registration of enterprises.

Intervex claims to be having problems in importing 5,000 tons of U.S. chicken produced by Maywood, a traditional enterprise. "In this case bureaucratic restraints, which are harmful non-tariff barriers, are the worst problem," Intervex commercial director Carlos Alberto Simonetti told reporter Livia Ferrari.

"Clearance of the enterprises is requested all over the world, especially in this sector," he said. He added that 18 missions from importing countries have recently visited Brazil. "That is routine on the international market," he explained.

Subsidies

Brazil and the United States are engaged in a dispute over the subsidies paid to U.S. exporters. The ABEF director claimed that the prices that were offered to ABEF, which are 20 percent lower than prices in Brazil, reveal that subsidies are being granted. "After estimation of freight cost and importation tariffs, the price of U.S. chicken on the Brazilian market should be very close to the price agreed upon by the sector and the government at the last meeting with Jose Milton Dallari (special Finance Ministry adviser)," he claimed. In the United States, he went on, chicken cost nears $1,250 per metric ton (f.o.b.) [free on board].

Under the contract signed with Maywood, an enterprise located in the state of Louisiana and one of the world's largest chicken producers and exporters, the product, cut in special pieces, will be sold in Brazil at $990 per ton, c.i.f. [cost, insurance, freight] price, the Intervex director said.

Furnas To Modernize Cuban Electric Power Sector

PY1511212694 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 15 Nov 94

[FBIS Translated Text] Furnas [Furnas Electric Power Plants, Inc.] will fully renovate and modernize the Cuban electric power sector. This announcement was made by Paulo Roberto Soares, chief of the Department of Commercial Relations of the Brazilian Foreign Ministry. Soares said there are excellent possibilities for Brazilian enterprises to engage in the current transition stage of the Cuban regime.

Investment Protection Accord Signed With Switzerland

PY1611011894 Sao Paulo GAZETA MERCANTIL in Portuguese 14 Nov 94 p 5

[By Raquel Stenzel in Brasilia]

[FBIS Translated Text] Brazil and Switzerland signed on 11 November an agreement for investment promotion and mutual protection. The agreement contemplates compensatory measures in case of company expropriations, ensures free transfer of earnings and payments of loans and royalties, among other obligations, and provides mechanisms for resolving controversial matters. Brazil has already signed similar agreements with Portugal, Chile, the United Kingdom, and its three partners in the Common Market of the South.

The agreement is valid for 10 years. After that, it can be renewed for an unspecified period of time or declared void by the contracting parties. Before going into force, however, the agreement must be approved by Congress.

Foreign Minister Celso Amorim pointed out in his speech that Switzerland is Brazil's fifth main investor and is responsible for 6 percent of all foreign investments in the country. Through March, Swiss investments in Brazil totalled $3.1 billion, most of them made by the Nestle, Sandoz, and Ciba-Geigy companies.

Minister Amorim said: "The signing of this agreement represents a legal framework that ensures investors fair and egalitarian treatment, as well as the additional guarantees of domestic laws, such as with the free transfer of the invested capital." Amorim recalled that negotiation of agreements for investment protection is part of the policy seeking "to encourage and attract direct investments." Swiss Ambassador to Brasilia Catherine Krieg signed the agreement on her government's behalf.

The agreement defines as "investment" goods or real estate, mortgages, pawns [penhores], shares, and other kinds of partnerships, credit rights, copyrights, industrial patents, know-how, and concessions or similar rights. As "earnings," we mean sums resulting from investment, including profits, capital earnings, dividends, royalties, and remunerations. According to the terms of the agreement, Brazil and Switzerland commit themselves to treating the investments and earnings of the other party's investors the same way it treats their own investments and those of third countries. Only the special advantages granted by virtue of free trade accords, unified customs fees, common market or regional organizations, or as a result of an agreement to prevent double taxation will not be automatically granted to the other party signing this agreement on investment protection.

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Chile

Frei on Ties With Bolivia, Border Situation

PY1611185694 Madrid EFE in Spanish 2124 GMT 15 Nov 94

[FBIS Translated Text] Santiago, 15 Nov (EFE)—In an exclusive interview with EFE, Chilean President Eduardo Frei said that Chile grants "priority to its ties" with Bolivia but always on the basis of the borders that are "perfectly defined" in the treaties that the two countries signed at the beginning of the century.

During an interview in which he only discussed the issue of Chilean-Bolivian ties, Frei said: "There is currently a great rapprochement between the governments of Santiago and La Paz, not only regarding democratic values but also regarding economic ties."

Regarding the territorial dispute that resulted in the severance of Bolivian-Chilean diplomatic ties, Frei was categorical in noting that "the Chilean-Bolivian border is clearly established."

Frei said that his administration "has no qualms about maintaining diplomatic ties with Bolivia." He explained that up to now "this has not been possible because of well-known reasons."

He stated that "in the past few years Chilean-Bolivian ties have experienced significant progress" and added that Chile "has promoted a policy of understanding, cooperation, and bilateral development in compliance with the treaties in force."

Frei added: "Chile is constantly striving to improve its ties with Bolivia. In view of this, we are sponsoring an extensive dialogue to directly discuss ways to perfect free trade and expedite the physical integration of the two countries and bilateral trade."

Regarding the economic complementation agreement signed by the two countries, Frei said that the bilateral Management Committee "meets periodically to perfect this agreement." He also announced that "this agreement may become a vast free trade agreement."

About the Arica-La Paz road project, Frei said that "it will open new prospects for bilateral trade and allow (Bolivian) products, which are currently not competitive because of high transportation costs, to reach Chile at competitive prices."

Frei added: "With this new road, it will only take seven hours to go by car from one city to the other and not two days like it takes at present. This opens great possibilities for trade at the bilateral level and with third countries as well."

Frei also referred to the gas pipeline project to supply Bolivian gas to northern Chile and added that "it will be another factor of unity and integration between the two countries. We hope it will be in operation by 1997."

The Chilean president added: "I have had the pleasure of meeting with Bolivian President Gonzalo Sanchez de Lozada on several occasions. We have undertaken a fluent and frank dialogue which I am certain will result in an improvement of Chilean-Bolivian ties."

Argentine Official on Laguna del Desierto Ruling

PY1611161394 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1000 GMT 16 Nov 94

[FBIS Translated Text] Argentine Vice Foreign Minister Fernando Petrella, who is visiting Chile, has reiterated his government's commitment to approve the agreement on continental glaciers. Regarding Laguna del Desierto, he only commented that Chile has a right to review the legal aspects of the ruling on this case.

Before meeting with Petrella, Chilean Acting Foreign Minister Mariano Fernandez met with the Chilean ambassador to Argentina, Eduardo Rodriguez Guarachi. The diplomat explained recent comments he made on the fact that Chile is reviewing the arbitrators' ruling to determine possible mistakes or modification of documents. He said that Chile accepts the ruling, but with the corresponding legal revision.

Vice Minister Petrella held a working meeting with Mariano Fernandez to discuss integration and the steps to be taken following the Laguna del Desierto ruling.

As for the pending dispute over the continental glacier, Petrella reiterated his government's commitment to obtain Argentine congressional ratification of the agreement signed by the two governments.

Greek Official Promotes Bilateral Dialogue

PY1511221094 Santiago LA TERCERA DE LA HORA in Spanish 1 Nov 94 p 16

[Report by Homero Ponce]

[FBIS Translated Text] Grigoris Niotis, the Greek deputy foreign minister for expatriate Greeks, today begins a visit to Chile to promote bilateral dialogue.

His arrival follows a visit by Rodrigo Diaz Albornico, the then Chilean foreign relations undersecretary, to Greece in 1993.

In September, Chile and Greece signed two economic, commercial, and tourism agreements. A bilateral agreement on social security is being negotiated and there is particular interest in reactivating a cultural cooperation agreement signed in May 1963, which was never implemented.

Grigoris Niotis assumed his portfolio in July 1994. He has a busy agenda during his stay in Santiago.

Czech Industry, Trade Deputy Minister Visits

PY1511234394 Santiago ESTRATEGIA in Spanish 3 Nov 94 p 26

[FBIS Translated Text] The possibility of signing agreements to protect mutual investments, eliminate double

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taxation, and especially to achieve a free trade agreement with the Czech Republic has increased following a visit by Vaclav Petricek, the Czech first deputy minister of industry and trade.

Speaking about investments safeguards and the elimination of double taxation, Petricek said there are plans to negotiate within a relatively short period of time, with a view to signing agreements. He said experts should begin the free trade agreement negotiations very soon.

Petricek said the idea is to promote bilateral trade and "to create a favorable framework so that businessmen from the two countries can establish more specific and direct ties. There are real possibilities of increasing our cooperation."

The activities of the Czech delegation during its stay in Santiago included a meeting with the Foreign Investments Committee. During this meeting, Chilean and Czech officials discussed the possibility of joint ventures. Petricek said this alternative is better than any agreement; moreover, the main objective of the agreement is to promote and safeguard investments, which should also grant safeguards to investors.

He said the Czech Republic is a member of CEMA, [Council for Mutual Economic Assistance] which groups countries of the defunct socialist bloc. This group is making a noteworthy effort to achieve a free market economy, which may help to expedite the entrance of Chilean capital and investments in these markets.

His tour also included Venezuela and Colombia. Vaclav Petrick asserted, however, that more progress has been achieved in Chile because there are greater possibilities for trade complementation.

National Renewal Holds Congress, Criticizes Government

PY1611221794 Santiago EL MERCURIO in Spanish 6 Nov 94 p C3

[FBIS Translated Excerpt] Valparaiso—National Renewal, RN, President Andres Allamand opened the party's Seventh General Congress yesterday. He said the RN will always oppose the dismantling of the framework of current institutions and the reform process that is being done "gradually."

He accused the government of being incapable of picturing with energy and vision the path Chile should follow. He warned that the RN will continue to exercise its opposition role with firmness but in a constructive manner.

Allamand pointed out that improving the party's organizational capabilities, searching for a more faithful interpretation of the people's desires, overcoming nostalgia for the military regime, and valuing political and economic freedoms are equally important for expanding the party's support in society, which is needed to challenge the Coalition of Parties for Democracy in the upcoming elections.

Allamand's political report and the approval of several reforms in the party statute are the most important aspects in the opening of the party congress held in part of the Congress building in Valparaiso. The opening and the debates are being held in the Hall of Honors of the Congress.

Allamand noted that the Seventh General Congress will establish the path for the future because it is being held in an environment of exceptional internal harmony and because this is where important internal changes will take place such as statute reforms, the election of new party leaders and political committee, and a broad programmatic debate.

After evaluating the current situation and the need to modernize and reevaluate political activity, Allamand spent a large part of his speech in criticizing the government administration.

He said the Frei administration is incapable of picturing with energy and vision the path Chile should follow. He said the government is incapable of establishing the real priorities, has confusing policies, is always undecided, is incapable of going from diagnosis to solutions, and creates all kinds of obstructions. [passage omitted]

Leadership Elected

PY1611200394 Santiago EL MERCURIO in Spanish 7 Nov 94 pp C1, C2

[FBIS Translated Excerpt] Valparaiso—The Seventh General Council of National Renewal [RN] concluded yesterday in Valparaiso with the installation of a new national executive board and a political committee. The RN council also approved reforms for the internal organization of the party, and established its political position regarding the main subjects of the national reality. [passage omitted]

Thanks to the amendment of the party statutes, the RN executive board for the 1994-1996 term is headed by Deputy Andres Allamand; Deputy Alberto Espina was elected as first vice president; Deputy Alberto Cardemil as second vice president; Roberto Ossandon, lawyer, as third vice president; Deputy Raul Urrutia as fourth vice president, a recently created post; Rodrigo Ubilla as secretary general; and Roberto Palumbo as treasurer. [passage omitted]

Colombia

Samper Comments on First 100 Days in Office

PA1611202494 Santa Fe de Bogota Radio and Television Networks in Spanish 0100 GMT 16 Nov 94

[Address to the nation by President Ernesto Samper Pizano on his first 100 days in office, from the Presidential Palace in Santa Fe de Bogota—live or recorded]

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[FBIS Translated Text] Colombians: As my government completes its first 100 days in office, I want to share with you tonight certain details on the first steps we have taken.

First, I can assure you that never before had I wished so much that a day had more than 24 hours and a week more than seven days. We have made great efforts to implement all the plans we had prepared for Colombia. What has made it more difficult is that I have had to carry out this task while adjusting myself to living in this palace, which is like living in a big icebox with hallways and large rooms.

I have been working with my cabinet members since 7 August to bring about the commitments, commitments to work for the people, I made on the day of my inauguration. We can announce with satisfaction today, 100 days later, that we have already laid the foundations for the great social leap Colombia will make during the next four years.

We launched during the first week two of the most important initiatives: a strategy for recovering rural areas and a social network to attend to the most urgent needs of the poorest Colombians. A peasant in Cesar Department told me the other day: Mr. President, please develop more opportunities for the countryside! He was absolutely right. The recovery of our countryside is important not just because it produces food or export products; it is also important because it represents the difference between peace and war. If Colombian rural areas are abandoned, there will be no peace; therefore, the initial efforts of my administration concentrated on defending agricultural production, refinancing the overdue debts of traditional farmers, and relaunching an ambitious agrarian reform proposal that will enable us to deliver in the next four years 1 million hectares to more than 70,000 Colombian families.

We then relaunched the social network. The biblical division between rich and poor does not really exist, at least not in Colombia. The poor are divided today into absolutely poor and less poor. Twelve million compatriots are regarded as absolutely poor; they are the poorest of the poor. There are mothers who are heads of their families, unemployed youths, peasants living in distant areas, children without adequate nutrition, abandoned people in the Pacific Region. They are all part of a big army of Colombians who have been neglected and have not yet received from the state the benefits of health, education and housing.

For those Colombians, we have created the Social Solidarity Network, through which we can reach them with direct aid, channeled through the Presidency of the Republic. Pensions for homeless elderly people, food certificates for students, and educational support for mothers who are heads of families are some of the programs that are already enabling us to reach all those Colombians with specific aid.

The network does not substitute, however, for our social policy, as some people have suggested. The objective of the network is to give first aid while the doctors who must cure the infection arrive. We will fight the social infection, which is poverty, with the social leap plan I will present to you tomorrow morning.

The concern over social problems is based on a simple yet profound reflection. It will be worthless to grow, to produce more, to export more, to construct more if the profits we obtain from that progress do not bring better living conditions for a larger number of Colombians. That point is what I have called working wholeheartedly toward creating new opportunities. We will achieve this goal by establishing nine years of compulsory basic education, expanding school hours to improve education, giving teachers a better salary, of course, and through mass distribution of text books.

We will work wholeheartedly toward opening new opportunities by expanding health coverage until 90 percent of Colombians are covered by the end of this four-year term by acquiring new equipment for our public hospitals, developing a plan for the elderly, and helping 2 million handicapped people who receive no attention whatsoever today. We will also work wholeheartedly by constructing 600,000 new houses and a potable water system, making a dream come true for all Colombians by the end of this century.

We have been working wholeheartedly by ordering payment of six- month premiums to all pensioners. We have assigned more than 260 billion pesos last week for health subsidies so health benefits can reach the poorest sectors in the country. We have helped textile industries seriously affected by unfair competition abroad and contraband. We also have supported the purchase of crops from small grain producers.

In order to have education, health, and housing on a permanent basis, people must have a job that will enable them to educate their children and keep them in good health, under a roof they can call their own. We have sketched an employment plan that will enable us to create 1.5 million new jobs with a yearly economic growth of 5.6 percent. In addition, we will initiate specific plans in January aimed at creating jobs through small social investment plans in municipalities, such as the construction of parks, nursery homes, local aqueducts, and plans related to environmental protection and recreational activities.

All those projects will generate 200,000 new jobs for Colombian youths. People will not benefit from having a job if what they have earned during the day is lost overnight. My government is committed to defending the purchasing power of Colombian salaries. In order to do accomplish this objective, we will continue working with the Banco de la Republica Board of Directors to guarantee the stability of our currency, of our peso.

We also have proposed the signing of a profound social pact on salaries, prices, and productivity through which

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we can all beat defeat. For example, the government will not increase prices and tariffs on services under its control, such as fuel, public utilities, or rentals above the inflation goals set for next year. So that this social pact can work, the cooperation of businessmen and workers is necessary so prices and salaries will not surpass the established inflation goals; in other words, no one should try to win over the other. If we all work with discipline, we all will benefit. With the success of the social pact, we will show it is possible in Colombia to impose the culture of consensus and dialogue to replace the culture of conflict and violence.

All these, my dear friends, are peace proposals. I will make some announcements in the city of Popayan on 17 November on the subject of peace, which is a matter of concern for all of us and in which we are all interested. Let me say this in advance. Peace not only consists of silencing rifles. We will attain peace through the credits we will give small enterprises. We will attain peace by implanting values in our children and giving all youths job opportunities. We will also attain peace when abandoned land, already showing signs of recovery, start producing again. We will attain peace when we pay our social debt to women and when we show that blacks and Indians really have a place under Colombian skies.

You have probably noticed during this address that the word social has been frequently used. We must begin using in Colombia the word social in more places and more frequently. Colombia's future depends on the improvement of its social conditions. Economic growth is important, but economic growth without social growth is simply not worthwhile.

As president of the Republic, I am mostly concerned about social problems. I am as concerned as you are about ensuring that all these commitments are fulfilled and not entangled by bureaucratic procedures. I personally follow up on the government's main initiatives every Sunday afternoon to see how much progress has been made. We have created a follow-up unit at the Presidency, which has maintained strict control since 7 August over each project and plan.

We are a nation moving forward, with our heads up, toward progress. Despite certain international attempts to discredit us, Colombia is and will always be a country of people who are proud of their race, their land, their parents, their children, and grandchildren. We will continue advancing with dignity, without renouncing our identity. I confirmed during the first days of my administration it is possible to look forward to our future with hope. I also have realized we are capable of defeating fear. I have realized we must give many of our compatriots a first opportunity and improve the standards of living of many others. We can and must accomplish this objective by working together. With God's help, we must work together for Colombia. Good night.

Samper Discusses Drugs, Trade, Miami Summit

PA1711010294 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1230 GMT 16 Nov 94

[News conference by President Ernesto Samper Pizano with unidentified moderator and domestic reporters at the Narino Presidential Palace in Santa Fe de Bogota; broadcast in progress—live]

[FBIS Translated Text] [Unidentified station reporter] The president is answering the first question on whether he is willing to make an explicit commitment to the Colombian people to carry out his social program.

[Samper] ...agreements with the armed groups and also extends to other forms of violence and other kinds of threats to national stability, all of which the people are well aware. Today, for example, we have heard several reports about certain paramilitary groups that are ready to leave their violent activities and reenter civilian life. The government also believes that giving all armed groups the opportunity to demobilize is part of the peace strategy.

Tomorrow, we will limit our announcements to those specific conditions that will pave the way for the country and all Colombians in areas threatened by violence to live in democratic coexistence. I would rather not make any significant statements about this issue until I have examined the report the High Commissioner for Peace presented, which I will examine and evaluate this afternoon, along with the government's specialized teams. We will address this issue tomorrow in Popayan.

[Moderator] Sandra Vergara from the "National Newscast"

[Vergara] Mr. President, good morning. A great deal is being said about the fact that the drug trafficking problem has not been touched on. My question is: Would you say there has been progress during your first 100 days? Do you think that Miguel and Gilberto Rodriguez Orejuela's surrender to justice is certain?

[Samper] Let me assure you that the work the president is doing about such an important issue for Colombia—an issue as important as the fight against drug trafficking—is several times greater that what has been reported publicly. You see, I do not think that we should only talk to the Colombians about drug trafficking. One of the things that bothers me most when I am on a visit abroad is that everyone asks the president of Colombia about drug trafficking, as if they only ask the president of France about cheese.

I believe Colombia has been carrying out a frontal assault against the drug trafficking plague for several years now. I have continued the fight my predecessors began before me. This is a comprehensive struggle that includes not only pursuing the so-called cartels, but also the substitution and elimination of crops, as well as the fight against increasing consumption in Colombia,

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which is slowly becoming a very disquieting problem despite the fact that Colombia is not considered a consumer country.

Of course, in the international context, we would like to see the countries of the world become more effectively committed to the struggle against drug trafficking. This is precisely one of the reasons the Colombian Government has been promoting an inter-American agreement against money laundering. Incidentally, the agreement already came through a first successful meeting in Colombia, and will be presented at the Summit of the Americas.

In other words, my government has been waging a struggle against drug trafficking. I want to cite some statistics I looked up yesterday in anticipation of a question just like the one you have asked. During my administration, the authorities have seized more than 17,800 kg of cocaine. The police had seized only 7,200 kg of cocaine during the first half of the year. This proves that the efforts of the government are continuing.

Something that has caught my attention is that so far this year Colombia has spent almost $50 million in programs for improved agricultural production, alternate crops, social integration, and the struggle against drug addiction—things we could call the positive aspects of the struggle against drug trafficking. In other words, we are dedicating a very significant amount of resources to the struggle against drug trafficking.

With regard to your specific question on the surrender of the cartel chiefs—and this is true for any cartel in the nation—the surrender policy is an overall part of the struggle against drug trafficking. We have proposed adjustments to the surrender policy, particularly in terms of the sentences and the providing of benefits. Nevertheless, it is the prosecutor general, by law, who establishes the conditions, limitations, and the options available under the surrender policy. In carrying out this task, through legal mandate, I once again repeat that he has the support of the national government.

[Moderator] Antonio Jose Caballero from Radio Cadena Nacional.

[Caballero] Good morning, Mr. President. You proposed in Brazil an international bloc, a Latin American bloc against money laundering. This received the immediate support of Peruvian President Alberto Fujimori and Bolivian President Sanchez de Lozada. What other support has Colombia received after the meeting held a few days ago with the foreign ministers and what possibilities exist of immediate and direct cooperation from the United States after the Miami summit?

[Samper] I must stress the fact that we have received broad support from all nations to this proposal, which I believe is historical. Now, for an effective commitment by the international community in the struggle against money laundering, Colombia expects, in response to its unequivocal struggle against drug trafficking, three commitments from the international community, particularly from the industrial nations:

1. The establishment of goals and a firm commitment to reduce drug consumption. As long as demand continues to grow, it will not be possible to completely wipe out drug trafficking. This problem could pass to other nations, and a radical solution to the problem will not be possible.

2. Effective commitments against money laundering. Everyone knows that most of the revenues spawned from drugs are deposited in international banks. This is why the crime of money laundering is an international crime. It begins in one place and finishes up in a second or third nation. Colombia cannot combat this problem alone; rather, it requires [words indistinct] support from the international community.

3. The sale of special precursor chemicals produced in these nations must end. These nations sell these chemicals here, in drug producing nations, which obviously is counterproductive and heightens the possibility of an increase in drug trafficking.

[Moderator] Carlos Ruiz of Emisoras Caracol will ask the next question.

[Ruiz] Mr. President, the conservatives are saying they will take the performance of your administration during its first 100 days in office as a basis for analyzing the agreement they signed with you to form part of your government. Are you prepared to make any kind of policy concessions to maintain the cooperation of the conservatives?

[Samper] First of all, I want to say the Conservative Party, like the other political forces represented in Congress, has every right to establish the limits of its participation and cooperation with the government. Before I assumed the post of president, we established with the Conservative leadership those issues that required the cooperation of all parties in order to resolve problems and implement measures on specific issues—issues such as the establishing of territorial limits that will permit decentralization, which is a fundamental project in Colombia; measures such as social investments, one of the banner projects of this government; issues such as the reactivation of the agricultural and livestock sector; and issues such as guaranteeing firm cooperation in foreign affairs now that Colombia is facing its most important challenges in foreign policy matters, such as the defense of its human rights policy and its environment.

We have based the parameters for cooperation on these issues. Naturally, the national government is prepared to consider any revision of this agreement. The government also has its own points of view about what should be the priorities not only of the parties, but also of the executive branch, as well as legislative priorities we want to discuss

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at a meeting we will soon hold with the new Conservative Party leadership. [Station reporter announces the station is breaking away from the news conference and returning listeners to the studio for a brief newscast. Station returns to its live relay of the Samper news conference following a 14-minute break.]

[Samper, in progress] ...and I have seen with great concern that tariff protectionism has disappeared. In other words, they reduced tariffs, but then another form of nontariff protectionism emerged in the form of phytopathogenic measures, administrative restrictions, and customs restrictions. Such measures and restrictions are making it virtually impossible for developing countries—countries to whom they sold the free trade paradise—to be able to sell our products in that ever-increasingly distant paradise. In light of this situation, we have been proposing measures, not only in terms of the U.S. market but also in terms of the European market.

[Moderator] Juan Pablo Diaz of the "Notisuper" newscast.

[Diaz] Mayor Navarro has voiced his intention to offer himself as a hostage to secure the release of Lizarazo and the two other people being held. As a fellow student of Jaime Bateman Cayon, do you think it is important that this person should be a protagonist in this precarious abduction case, or will you simply comply with the rules [words indistinct] and the peace commissioner will head the efforts to deal with the abduction.

[Samper] The national government has been concerned from the very beginning about obtaining the release of someone as close to us as Alfonso Lizarazo. He is a person who has brought happiness and joy to the Colombian people for many years. This is so true, that he once said a day without humor is nonexistent. I think that Alfonso Lizarazo, through his programs and his campaigns, has brought not only humor but happiness into many Colombian homes.

This is why I am sure that those holding him hostage and accompanying him today will understand the demand of all of the Colombian people. The people know that this is not the way to obtain a peace dialogue. It is a nonpeaceful means of trying to obtain a dialogue on a topic as important as peace.

I understand Mayor Navarro's offer to be a catalyst of genuine concern for Alfonso Lizarazo and to obtain his return, as well as the safe return of those accompanying him, thereby enabling them to resume their life alongside their families. As we stated yesterday, the national government has sent someone to establish the conditions under which those kidnapped can be released safely. I repeat, we strongly condemn this means of pressing for any solution, even if it involves a peace solution.

[Moderator] Fabio Saldino of COLPRENSA.

[Saldino] Mr. President, for the success of the social pact, public utility rates, which depend on the mayors, must not be increased excessively. What effective mechanisms of negotiation would you be willing to engage in with local governments?

[Samper] First, I must say that the national government is quite satisfied with the proposal signed by the mayors during their last meeting in Paipa in which they accepted the government's offer to join the social pact. There are many fees and rates that depend fundamentally on the decision of the mayors, such as transportation rates and some public service rates. Therefore, this proposal, which was approved unanimously, reflects the government's willingness to speak with the mayors and other local authorities about the establishment of prices for goods and services. We hope to continue to speak with the mayors.

Despite the skepticism of certain sectors, the social pact is being consolidated. The social pact is important for the government, because it will permit us to derail this psychological inflation in which every player, in order to beat the others in the race, adjusts prices somewhat higher than those of his neighbor, resulting in unreal inflation. Moreover, we have convinced economic experts, workers, businessmen, and mayors to participate in the talks.

Rules Out Legalization of Drugs

PA1611194694 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 16 Nov 94

[From the "National Newscast"—passages within quotation marks are recorded]

[FBIS Translated Text] The path toward dialogue is beginning to clear. President Ernesto Samper opened the doors during his first broad meeting with the press today to negotiations with all sectors that are promoting violence in the country. He reaffirmed his government will not legalize drugs, and he strongly attacked the United States and its double standards in facing the drug problem.

Regarding the peace process, he said no to regional dialogue.

[Samper] "I do believe it is necessary to open regional forums for consensus. This does not mean, however, legitimizing what you call regional talks. The responsibility for peace talks—if they are held—will be exclusively and solely in the hands of the government. I would not understand a frantic process in which each governor negotiates his own peace agreements or in which each mayor assumes his own commitments."

Regarding paramilitary groups, the doors to dialogue were opened:

[Samper] "Today, for instance, there were reports stating certain paramilitary groups want to give up their violent

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activities and join civilian life. The government also believes giving all armed groups the opportunity to lay down their weapons is part of the peace strategy."

On drug trafficking, he said:

[Samper] "No. Legalization is totally ruled out in Colombian policy against drug trafficking. That policy is being sovereignly implemented and developed. No country or person has any moral authority to give Colombia lessons on how to fight drug trafficking."

He said the policy of drug traffickers surrendering to justice will be in the hands of the Prosecutor General's Office:

[Samper] "We have proposed adjustments to the surrender policy, particularly regarding punishment and the accumulation of benefits. The prosecutor general determines the conditions, limits, and possibilities, however, within the surrender policy."

Comptroller General: Corruption Has Not Diminished

95CA0028A Santa Fe de Bogota EL TIEMPO in Spanish 25 Oct 94 p 10c

[First paragraph is EL TIEMPO introduction]

[FBIS Translated Text] According to the comptroller general, many cases of corruption are the result of ignorance on the part of government officials.

Comptroller General David Turbay Turbay said the government is on the verge of crisis, and the modernization process has been unable to stop corruption.

According to Turbay, the institutional transformation prescribed by the 1991 Constitution has left loopholes for unlawful actions to continue; in many cases these actions are being tolerated by national authorities.

He made this statement in the seminar on fiscal control held at the University of Santo Tomas in Bucaramanga, where he said that Colombia does not know the quantity or value of its assets, so it is impossible to determine what is being stolen.

According to the comptroller, it is impossible to rely on data provided by the public sector, as that information does not reflect new operations for the purchase and sale of assets or credits granted to other countries.

For that reason, in addition to insisting on creating the position of accountant general, he said that in a few days a study will be ready which will show the true results of the eagerness to sell government assets.

He said that corruption goes hand in hand with decentralization, for nobody seems to care that the new resources and functions need to be handled with capacity and transparency.

"Everybody tries to blame the problem on decentralization, as if that process were turned around, it would reverse inefficiency," he noted.

At the same time, he said, the state is being drained of capital by this eagerness to sell off its assets, and there are signs that it is motivated by the sole desire to open areas up for private investment.

Doubts and Contradictions

He said the changes in Colombia have had to be assimilated in a short time, so some decisions are still confused and at times contradictory.

One example of this is the elimination of prior control, which is a sound method of internal control.

In practice, the new policy of subsequent control is applied in a very limited percentage of cases, allowing room for corruption and misappropriation of public assets.

Turbay said that after exhausting all possible remedies, he will make use of the punitive mechanisms provided by the internal control law, which gives him the power to dismiss officials who are implicated in irregularities.

He stated, though, that many cases of misappropriation are caused by ignorance and lack of training of the people responsible for administering resources and functions.

To avoid the continuing recurrence of such problems, the Comptroller General's Office will set up a "Municipal School" to train city and local governement officials in all areas related to the institutional transformation process.

Lawyers Protest Cali Task Force Operations

95P20159

[FBIS Editorial Report] A group of Valle del Cauca lawyers has written to the Regional Prosecutor's Office in Cali questioning the legality of recent counternarcotics operations conducted by the Cali Joint Task Force, according to EL TIEMPO (7 November). The letter, addressed to the director of that office, Miguel Munoz Paladines, claims that search authorizations are not based on "serious and properly verified intelligence," but rather on "rumor and curiosity" regarding certain residences. For this reason, according to the lawyers, the results of the operations are "always negative," turning up "nothing and no one but the same family which is harassed innumerable times" and subjected to the "violation of its little remaining privacy."

The lawyers questioned the legality of using Army units to perform operations they claim are the responsibility of the Judicial Police (EL ESPECTADOR, 7 November) and accused task force members of "abuse of authority" for failing to show their search warrants (EL TIEMPO, 7

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November). They also criticized the practice of conducting nighttime raids, and claimed they have been prevented from accessing sites where raids have been conducted, according to EL TIEMPO.

Copies of the letter were sent to the prosecutor general, the attorney general, the minister of justice, and the Office of the People's Prosecutor.

Ecuador

Minister Discusses Social Security Crisis

95SM0044A Quito EL COMERCIO in Spanish 16 Oct 94 p A7

[Interview with Minister of Social Welfare Alberto Cardenas by Miguel Rivadeneira; date and place not given; first four paragraphs are editorial introduction]

[Text] Alberto Cardenas describes four achievements during his period in office: 150 IESS service offices have been closed, 808 vacancies and all contracts of service for less than one year have been canceled; 1,200 persons left the IESS [Ecuadoran Social Security Institute] during the first reduction in force; and it was decided to continue the farmers' social insurance program.

The challenge continues to be: how to make a paralyzed man walk. Alberto Cardenas, 47 years old and an economist by profession, left his seat in Congress seven months ago to handle the challenge of presiding over the Ministry of Social Welfare.

Since then the headaches have not ended. And, clearly, he admits that he feels frustrated because things do not work out as quickly as necessary. However, the effort goes on. He is a fighter, although he was almost thrown out of the window when he presided over the meeting of the Higher Council of the IESS during the struggle with Italo Colamarco, the former director of the institute.

He does not feel that he has been defeated. He admits that the situation is very complicated and difficult. He claims to have achieved a few things, although they are small ones, compared to the great needs of the 1.8 million members of the social security system.

[Rivadeneira] Minister Cardenas, you promised to get things going. What have you achieved in seven months?

[Cardenas] To make a change, you have to know what has brought the IESS into the serious situation which it faces.

[Rivadeneira] We are tired of excuses. The problems are known. The important thing is what has been done and when will things change? [Cardenas] Please, let me explain some things to you, because, if you do not let me do this, we cannot continue this conversation.

[Rivadeneira] OK, but let us get down to the facts.

[Cardenas] Among the external causes of the problems facing the IESS, are the circumstance that it has not been adequately financed, the statistical foundation dates from 1950, and no one has studied the need to revise this statistical base.

[Rivadeneira] You mean, we are 40 years behind just in terms of the statistical balance?

[Cardenas] Not in terms of the statistical balance but the statistical foundations on which the IESS was founded, the foundations which made the IESS function. The IESS was established on the assumption of retirement after 30 years of service at age 55. Life expectancy has changed. In 1950 15 percent of the members died. In 1994 five percent died. The actuarial bases and life expectancy were calculated on the assumption that the IESS would pay a pension to a retired person for 10 to 12 years. Now we are paying pensions to retired persons for more than 20 years, which has left the IESS short of resources.

[Rivadeneira] Administrative difficulties, including waiting in line to be served and the obsolescence of the system, have not been solved. How can we improve the situation?

[Cardenas] In effect we have administrative obsolescence. The whole system is worked by hand. Absolutely nothing is computerized. All of the billions of sucres which were spent on computerization went for nothing. All of the governments have turned the IESS into a political football. That is, when there was a new minister of social welfare, 1,000 to 1,500 new employees were hired. When there was a new president, 3,000 or 4,000 new employees were hired. The management system has incurred high administrative costs. There is the problem of current costs as opposed to investment.

During my administration of the ministry not a single new employee has been hired in the administrative field.

[Rivadeneira] How can you change this distorted structure of current costs compared to investment?

[Cardenas] We have to carry out a total restructuring in depth, beginning with the Higher Council of the IESS. I believe that at this time there are nine members of the Higher Council. The minister of social welfare should not be the president of the Higher Council. That should be someone who devotes full time to the job. He should be a representative of the president of the republic. We are proposing immediate and mid-term actions.

[Rivadeneira] But what, in fact, are you doing, not just what o73 Minister Cardenas is thinking of doing about this situation?

[Cardenas] In the administrative area the immediate plan is as follows. We have simplified the structure of the IESS. We have closed down 150 IESS service offices, together with their directors. We have rationalized the process and made it more flexible. We have reduced

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excess personnel. As a beginning, 1,200 persons have been discharged. The process is continuing in accordance with an analysis within the ministry. There is a memorandum which states that 4,741 people should be dropped from the employment rolls.

[Rivadeneira] Has this already been arranged?

[Cardenas] Not yet. We have a process of decentralization under way, both in Quito and Guayaquil, as well as nationally.

[Rivadeneira] What is the time frame for this?

[Cardenas] We are doing it, but it is not easy. For example, in Quito we are opening new, branch offices. At present we are keeping the only branch office open, in the Ejido area. However, we are decentralizing to the South, to the Center, to the North, and into the valleys.

[Rivadeneira] Where and when will these offices begin to operate? Where are they located?

[Cardenas] It will take a week or two, and then the decentralization program will be in place. The same thing is happening in Guayaquil. We have decentralization toward the South and North and toward Duran. We have abolished 808 vacancies and have terminated all contracts for personal services for less than one year. We are ready to contract with the private banking system for the services which the IESS provides. Let the private banking system set up the reserve funds, through the banking network, and handle pensions, loans, and voluntary memberships in the IESS. About 60,000 voluntary members of the IESS draw their allowances every month at the service windows. This makes for long lines.

[Rivadeneira] Well, when will this be done? Please give us dates.

[Cardenas] We are doing that now. It is a matter of a few weeks.

[Rivadeneira] Delays in payments of contributions by private persons continue to be a burden for the IESS. Perhaps there is no particular reason for providing services which are not paid for?

[Cardenas] We have contracts with lawyers and we have been able to collect 50 percent of the overdue contributions owed by private parties. The Department of Company Investigations is in the process of reorganization. As was the case previously with the departments which performed investigations, the files were distributed, company representatives came in, and they were told how much they owed the IESS. They paid the 40 percent surcharge, and that took care of things.

[Rivadeneira] Have people left the IESS?

[Cardenas] People have left, and we are reorganizing that department. I cannot give you very precise figures, but the department concerned is being reorganized. The reorganization process should be completed by next week.

[Rivadeneira] Are you defending the IESS in an almost indefensible way?

[Cardenas] It is not so much that I am defending the IESS. I am one of its strongest critics, but I have to defend it as long as it exists. What is happening is that you have to think of the eight generations of people who have been associated with the institute. You have to defend those people, not a defective structure.

[Rivadeneira] Are you afraid of parallel insurance programs?

[Cardenas] If this were the time to begin with the idea of private, social insurance, I would say that individual retirement accounts are marvelous things. A person makes 70,000 sucres, receives a return on his capital of 10 percent, and has a pass book to record the contributions. He goes to the AFP [Pension Fund Management Company] after 40 years and withdraws his capital and certainly a good pension. The problem is what happens to those who have contributed to the state-owned IESS system for 25 years?

[Rivadeneira] How do you deal with the headache of the much criticized medical service for persons affiliated with the IESS?

[Cardenas] We are developing a national plan for purchasing medical supplies in a timely way and at an appropriate price. We have not made very large scale purchases but have an agreement with all of the medical laboratories in the country.

[Rivadeneira] But do you provide medicine to all of the persons affiliated with the IESS who are sick?

[Cardenas] Of course there have been delays in providing medicine, because the program has had to be developed in cooperation with all of the pharmacies in the country. Sick persons come to them with prescriptions issued by the IESS and collect their medications. Then the prescription goes to the medical laboratory. We only pay the laboratory for what we consume. As a result there is no huge purchase of 1.0 billion sucres for people to collect commissions on and all of that. We are also establishing contact with the new hospitals in Ibarra, Latacunga, Portoviejo, Riobamba, Manta, Ambato, Guaranda, Cuenca, o73 and Milagro.

[Rivadeneira] Is it not dishonest to inaugurate a hospital, service by service, as in the case of the hospital at Ibarra, over a period of several years and during several administrations?

[Cardenas] The problem with the hospital in Ibarra is that it was built on a huge scale. It is too large a hospital, like everything else built in this country.

[Rivadeneira] Was this realized recently?

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[Cardenas] The worst aspect is that 50 meters away from the hospital in Ibarra is another hospital, belonging to the Ministry of Health. It would be enough to build one, good hospital. However, it was not done in that way, and there we are. Now we have the hospital in Ibarra. We are going to open it, fully equipped, and with 80 beds during the first quarter of 1995.

[Rivadeneira] How should the present, obsolete, and juridical framework of the IESS be changed?

[Cardenas] I have proposed in Congress changes to a series of laws. We have 60 laws dealing with social security. There must be a new social security law. If private and parallel insurance programs come out, there should be a law making it possible to set them up without causing the IESS to collapse.

[Rivadeneira] So how can you get the paralytic to walk?

[Cardenas] I wish that this interview were over. I regret that I have nothing more to say. I have no answer to that. I know that the majority of the people affiliated with the IESS tell me that parallel insurance is better. Wherever I go, they say this to me. However, I ask, what happens to the 1.8 million persons affiliated with the IESS?

FUT Statistics on Rising Unemployment

95SM0044C Quito EL COMERCIO in Spanish 20 Oct 94 p B1

[Article by Milton Arroba: "Trade Union Membership Declining"; first paragraph is editorial introduction]

[Text] Out of a group of 700,000 public and private sector employees at the national level in 1990, 560,000 still have their jobs. What will happen to the 140,000 employees who have lost their jobs is still uncertain.

Every process of change has its costs. That is the premise, but not everyone shares it, especially those who feel that they are directly affected, like the workers.

Fausto Dutan, president of the United Workers' Front (FUT), says: "In Ecuador the employees are paying a large part of the cost of modernization."

What is this observation based on?

Between 1992 and 1994 35,000 public sector employees lost their jobs. This is an unprecedented fact, since under the administration of President Barrios only 2,000 employees lost their jobs and even fewer workers in previous administrations.

Out of the 35,000 employees who lost their jobs, about 14,000 were working for the state under individual work contracts. When they lost their jobs, they received no further compensation. Others retired, and still others were left without budgetary funds to employ them.

The elimination of the jobs of 21,000 bureaucrats cost the country some 252 billion sucres, on the basis of 12 million sucres per person, on the average. It cost between four and 20 million sucres to eliminate each job, depending on the years of service involved and the work performed.

For example, the elimination of the jobs of 2,300 employees of the Ministry of Public Works cost 30 billion sucres. To eliminate the jobs of 700 railroad employees in October, an allocation of 8.5 million sucres has been made. In the two cases the average cost of eliminating each employee's job was 12 million sucres.

The goal of the government is to reduce government employees by 40 percent by the beginning of 1996, or 140,000 people. The state employs 351,000 people, in the following categories: 102,000 covered by the Law on the Civil Service and Administrative Careers; 110,000 protected by collective bargaining contracts; 105,000 teachers; 3,000 employees of the judiciary; and 17,000 permanent, daily-paid workers. About 14,000 are employed under individual or occasional work contracts which have been canceled.

And what is the situation in the private sector?

The trade unions are going through a depressing period. Between 1990 and 1994 105,000 workers lost their jobs. This amounts to 30 percent of the 350,000 workers affiliated with trade unions, according to FUT statistics.

The majority of these workers have no jobs because their companies closed down completely. The largest of these firms are: La Internacional, Artepractico , Armenonit, San Miguel de Jatunyacu, South American Paint Brush Company, Andes Transportation Company, West Company, Orangine Company, and National Brewery. Dutan said that their strategy was to discharge the workers and establish another subsidiary with fewer personnel.

A large percentage of those who lost their jobs have remained unemployed, due to world changes in the productive process. Industrial reconversion has made it possible for machines to displace hand labor.

Now computers control what a worker produces. Supervisors are not needed. Mankind faces a new concept of labor which requires qualification for the job and not just experience, as was previously the case.

In the public and private sectors 140,000 workers have joined the ranks of the unemployed. Among them are those who lost their jobs at Cementos Selva Alegre, Aztra, Cemento Nacional , and other state owned companies which went through the process of disinvestment.

This means that unemployment grew by 4.8 percent under the present government. It should be appreciated that the economically active population (ECA) totals 2.9 million persons.

According to FUT statistics, only 560,000 Ecuadoreans still have permanent jobs, of the 700,000 with permanent jobs up to 1990, or 19.3 percent of the economically active population. The remaining 80.7 percent of the

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economically active population vacillate between unemployment and underemployment. According to the government, the unemployment rate is 8.3 percent and the underemployment rate is 47.2 percent. This means that only 44.5 percent of the economically active population has fixed jobs.

Demographic Data Reported

95p20146

[FBIS Media Note]

Results of Public Sector Downsizing

Quito EL COMERCIO of 24 October reported that, according to Antonio Andretta, secretary of the National Administrative Development Secretariat (SENDA), 33,524 people left the public sector from August 1992 to 15 October 1994. The secretary added that the downsizing goal for 1995 was 50,000.

According to Quito HOY of 2 October, SENDA figures revealed that, of those who have left the public sector, only 1.4 percent retired voluntarily under the Modernization Law. The rest were terminated, did not have their contracts renewed or left with "early out" incentives. Benjamin Rosales, former head of SENDA, said that approximately 330,000 employees remained in 2,224 public sector entities.

Although the reduction of the bureaucracy has been considered a success for the Duran-Ballen administration, it has been a "human failure" for the majority who have left their jobs, according to HOY. Hector Teran, president of the Confederation of Public Servants (CONASEP), stated that the government's treatment of its employees has been "completely discriminatory," and that the downsizing was a "mistake." "People," he said, "were let go into the streets without any concern for their livelihood." Ironically, he continued, public services have not improved, since the enterprises which were "modernized" by reducing their personnel are still poorly managed. Teran questioned the wisdom of "converting untrained former employees into small businessmen," many of whose businesses have failed. A number of former employees also became taxi drivers, while others invested their benefits and incentives in illegal financial entities and "lost it all." However, according to the article, Central Bank employees were among those who fared better. Possessing better skills than employees of other state entities, they were easily absorbed by private financial institutions or became economic consultants or advisers. Others used their early-out incentives to invest in business schemes.

The Center for the Study of Population and Responsible Parenthood (CEPAR) noted that, while public sector jobs were being cut, jobs in the private sector were not available, either. It warned that the economically active population was increasing at a rate of 2.6 percent yearly and that 123,000 jobs must be created annually to maintain current levels of unemployment and underemployment.

Subsidies for Poor

Some 2.53 million poor Ecuadoreans would benefit from a new government subsidy plan, reported Quito EL COMERCIO on 5 October. Housing and gasoline were two of the sectors targeted for subsidies, but, as the article pointed out, it was uncertain when they would go into effect. Most subsidies benefiting the general population, except those for domestic use of liquefied petroleum gas (LPG) and public transport, were eliminated when the Duran-Ballen administration took over in 1992.

The article added that the new plan would target only the 23 percent of the population classified as needy, according to a January-April survey conducted by the National Institute of Statistics (INEC). The survey noted the widening of Quito's "poverty belt" which has grown in size from 100,000 people in 1990 to 140,000 in 1994. New pockets of poverty extend into southern Quito where the number of needy households has already reached 30,000.

Family Planning

The Center for the Study of Population and Responsible Parenthood (CEPAR) reported that Ecuador's fertility rate dropped from seven births per woman in the 1960's to four in the 1990's and that this decline was surpassed in Latin America only by Cuba, Costa Rica, and Mexico. CEPAR further noted that 59 percent of Ecuadorean women practice family planning and 48 percent use artificial methods of birth control. An article in Quito HOY of 12 September, reported that the first government-sponsored family planning program was established in 1966. However, the article noted that the state's policy regarding access to contraceptives remained "vague' and although the Health Ministry had a family planning program, it was a service offered only to those "who ask for it." Therefore, only 35 percent of contraceptives used in Quito are obtained from Ministry centers; the rest are provided by various nongovernmental family planning agencies. The article stressed that the government's failure to integrate family planning and sex education programs into a national population and development policy caused distortions: Educated, urban women had better access to contraceptives than their poor, uneducated, rural counterparts. Quito HOY of 28 September reported on an Informe Confidencial poll on abortion. The poll revealed that only 5 percent of respondents in Quito and 8 percent of respondents in Guayaquil said they thought abortion should be available "for any reason." Over 90 percent of respondents from both cities believed abortion should either be "completely forbidden" or "permitted in certain circumstances." The poll also revealed that, in Quito, those who were completely opposed to abortion tended to be upper

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class and over 53 years of age. On the other hand, in Guayaquil 54 percent of young people were opposed to abortion, and the percentage rose in inverse proportion to the socioeconomic class of the respondents. In an attempt to determine the the extent of illegal abortions, the poll discovered that 12 percent of Quito respondents and 23 percent from Guayaquil knew a family member who had had an abortion, leading pollsters to deduce that "tens of thousands of abortions are performed in these two cities alone.

Aging Population

The number of Ecuadorans over 65 has grew from 113,536 in 1950 to 418,183 in 1990 and, according to the 1990 census, represented 4.3 percent of the population. An article in Guayaquil EL UNIVERSO of 2 October estimated that the aging population currently topped 500,000 and would reach approximately 800,000 by the year 2010. The growth rate of the aging population has come under the spotlight because of the significant decline in fertility and the increase in life expectancy from 48.4 years in 1950 to 67 years in the 1990's. Nevertheless, the article pointed out, the standard of living for the elderly has not kept pace with the growth of that group. The 1990 census revealed that 54 percent of those over 65 were not economically independent: They were either dependent on their families for their livelihoods or had absolutely no means of support. The rest, 45.9 percent—were still employed or received retirement or Social Security benefits. Of those elderly still in the workforce, 61.6 percent were self-employed.

Health Services in Quito

Quito's health services have not kept pace with the rising population, reported Quito EL COMERCIO on 3 October. The article added that, according to CEPAR, Quito's population grew from 886,000 inhabitants in 1982 to 1.101 million in 1992. During that period, the number of private hospitals grew. There has also been an increase in the number of doctors and nurses: 1 doctor per 1,000 in 1982 to 1 per 450 in 1992, and 2 nurses per 10,000 in 1982 to 21 per 10,000 in 1992. However, there was a significant decrease in the number of Health Ministry centers, 39 percent in 1982 to 29 percent in 1992. The article noted that there was "minimal growth" in preventive health services, explaining that in Quito's slums, the same epidemiological situation prevailed as that of 10 years ago. Respiratory illnesses, parasitosis, acute diarrhea, malnutrition, vaginitis, and dermatitis were still the major ailments affecting "over 500,000 inhabitants of these areas." The article also pointed out Quito's "slow" pace in reducing infant mortality which "only" decreased from 37 to 22 per 1,000 in the last 10 years.

Peru

Software Representative Warns of Possible U.S. Sanctions

PY1511213494 Lima EL PERUANO in Spanish 6 Nov 94 p A5

[FBIS Translated Text] Maria Elena Alvarez, general manager of the Peruvian Software Association, Prosoft, has warned that the United States could drastically punish Peru by establishing tariff barriers should software piracy prevail in our country.

She added that the U.S. Administration "could also place an embargo on our exports to the U.S. market."

She said that although the trade balance is favorable to the United States, our exports in 1993 did reach $697.604 million, while we imported a total of $995.362 million. This means that we have a negative trade balance of $297.758 million.

She added that as the United States is the most important market for Peruvian exports, it would be truly serious if such punishments were imposed, as happened with Japan last year, for not respecting copyrights.

"If we continue to disrespect copyrights, and not only through software intellectual property rights but also through lack of respect for patents and brands, Peru could have limitations put on its exports," she said.

She said that while we are at the moment on the control list, we could be included on the black list, which would cause great harm "given the fact that our exports could not then enter the U.S. market, or high tariff barriers could be imposed on them so that we would not be able to compete with other countries."

U.S. Aid for Alternative Development Praised

PY1611211394 Lima EL PERUANO in Spanish 10 Nov 94 p A2

[Editorial: "Support For Alternative Development"]

[FBIS Translated Text] One of the most outstanding aspects of the recent visit by Alexander Watson, the under secretary for inter-American affairs, is without any doubt the announcement that the U.S. Government has granted $10 million in economic aid for Peru to promote alternative agricultural development programs to replace coca in Upper Huallaga in an effort to develop this region.

This aid is very important because it shows a real rapprochement in the antinarcotics strategy, especially among Andean countries. Furthermore, it shows a thorough understanding of the causes that force impoverished peasants to resort to coca for their survival in face of the meager profit obtained from legal products in the national and international market.

Another element that should not be ignored is that this offer shows Washington recognizes the efforts made by the Peruvian Government to repress drug trafficking because this task involves, in addition to shared responsibilities, a struggle that must be waged on all fronts.

Commentator: U.S. Democrats' Defeat a Benefit

PY1611210794 Lima EXPRESO in Spanish 10 Nov 94 p A2

[Commentary by Manuel D'Ornellas: "A Defeat From Which We Benefit"]

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[FBIS Translated Text] The U.S. ruling party's defeat in the 8 November elections will not affect the summit which will be held in Miami next month. U.S. Assistant Secretary for Inter-American Affairs Alexander Watson, a long-standing friend of Peru and the Peruvians, recently visited Lima to coordinate this event with President Alberto Fujimori.

Obviously, no Latin American leader will miss this opportunity to be photographed in the Florida sunshine, in the free shower of publicity from which only Fidel Castro will be excluded.

Fujimori, naturally, will also be there: his addiction to travelling to the interior and abroad is well know and justified. Yesterday he announced his decision to attend Fernando Henrique Cardoso's inauguration in Brasilia.

The U.S. electoral result, which has deprived the Democrats of their control in the Senate and the House of Representatives and given it back to the Republicans in Washington, has affected the Clinton administration's persuasive and dissuasive power abroad.

Despite the recent improvement in bilateral relations, which is reflected in Watson's visit, Peru is very interested in Clinton's foreign power. After all, the key to this improvement is the fact that the Peruvian economy has once again become attractive to U.S. financiers and businessmen: Washington's doors were opened in New York. It should be pointed out that this was done personally by Fujimori during his latest visit to that city—the capital of U.S. business—and during his visit to that city a year ago.

But the Clinton administration's less negative attitude toward Peru was precarious and fragile, because government officials were always feareful of being scolded by U.S. Democrats, in charge of the Congressional committees, who, in turn, are aided by Latin American advisors linked to the network of Marxist institutions that collapsed together with the Berlin Wall, precisely five years ago.

Now those U.S. congressmen will be replaced in their respective congressional committees by Republicans who are much more inclined to listen to the businessmen who view Peru favorably rather than to the advisors who yearn for the Peru of the past.

Foreign Minister Begins Visit to Spain

PY1511235594 Lima Radio Programas del Peru Network in Spanish 1800 GMT 15 Nov 94

[FBIS Translated Text] Efrain Goldenberg, foreign minister and president of the Council of Ministers, today began an official visit to Spain. He will also visit Portugal and Denmark.

Goldenberg will stay in Spain until 21 November and will meet with Spanish President Felipe Gonzalez; the head of Parliament, Felix Pons; the president of the Senate, Juan Jose Laborda; Foreign Minister Javier Solana; and possibly King Juan Carlos.

Goldenberg's visit is to give impetus to the political and economic rapprochement between Peru and Spain, and to contribute to the strengthening of bilateral relations that have been evolving positively since 1993.

Benefits of Law of Seas Convention Noted

PY1711000094 Lima EL COMERCIO in Spanish 9 Nov 94 p B2

[Commentary by Arias-Schreiber Pezet]

[FBIS Translated Text] The implementation, on 16 November, of the UN Law of the Seas Convention, with the express support of most nations of the world, now compels the Peruvian Government to finally assume the corresponding attitude to protecting national interests.

There are only two options in this regard: either maintain Peru outside the treaty, under the alleged belief that its maritime interests can be safeguarded by Peruvian laws; or, on the contrary, join the Convention under the belief that it is necessary to safeguard Peruvian interests within the oceanic space as a whole.

The inadequacy of the first option is obvious by the simple fact that, even if our maritime domain is legally bound to our territorial waters, its scope ends at the 200 mile limit. Peru's interests beyond that limit therefore remain unprotected from the actions of other nations, either within their own territorial waters, on the high seas beyond the 200-mile limit, or in the international sea bed zones that are also beyond 200 miles.

In fact: 1) There is little point in banning fishing or establishing other measures to protect certain species (let us say anchovies or sardines) if the people that cross the maritime border that separates us from a neighboring country fish the same species according to their own laws; neither are our laws and regulations to preserve our sea of any use if it is contaminated by substances spilled by the inhabitants of a neighboring country and then dragged into our waters by maritime currents; 2) the same goes for the foreign fleets that unrestrictedly fish, near the 200 mile limit, transzonal or highly migratory species (such as jurel, mackerel, squid, or tuna) that are also within our zone or on the coastline; and when those fleets, on the high seas, contaminate waters that flow towards the Peruvian coastline; and 3) lastly, our domestic laws cannot be applied to the sea bed zones beyond the 200 mile limit, where the exploitation of manganese nodules and polymetallic sulfides [sulfuros polimetalicos] (that also contain copper, nickel, cobalt, zinc, iron ore, tin, etc.) will compete with the minerals produced in Peruvian territory, thus affecting the prices and markets, which will have a serious impact on the national economy.

On the other hand, all of these issues are subject to specific regulations that, thanks to initiatives from countries such as Peru, were included on the Law of the Seas

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Convention precisely to protect those kinds of interests. And now that the Convention has been implemented, its pertinent clauses will begin to be enforced, including the performance of the International Authority of the Sea Beds [Autoridad Internacional de los Fondos Marinos] that will be in charge of organizing and controlling activities in the zone through its five main organs: the Assembly, the Council, the Secretary, the Juridical and Technical Commission, and the Finance Committee.

If Peru does not join the Convention it will not be able to intervene in these organs, which will establish the regulations and applicable procedures, and will be unable to defend its interests. Neither will it be able to participate in the joint undertakings designed to exploit the zone. It will be unable to participate in the adoption of measures that will prevent subsidies and the saturation of the markets with the inflow of submarine minerals. It will not participate with the remaining countries in the distribution of obtained profit, nor will it obtain economic assistance for serious economic damages its own mineral exports may suffer as a result of the maritime mining exploitation.

Something similar—due to the negative effects on Peruvian interests—may happen in a near future when, according to the candidacies the member countries may present, the Law of the Seas International Court is established in Hamburg. This Court will be in charge of solving controversies regarding the interpretation or the application of the treaty—including those controversies that may surface regarding matters as important as the demarcation of maritime borders between neighboring countries—and whose rulings will gradually establish jurisprudence regarding various matters.

On the other hand, in December the United Nations will approve the draft resolution that has already been distributed and proposes asking the UN Secretary General to prepare a comprehensive program on Oceanic Affairs and the Law of the Seas. This program will include a great number of measures designed to grant the member countries, and especially the developing countries, various forms of assistance they may require as a result of the application of the Convention.

Among the measures, it is worth mentioning the promotion of technical and financial cooperation through the appropriate international organizations and institutions for promotion and development; the strengthening of the state institutions and the identification of new sources of support; the organization of a centralized data system with maritime information of general interest; and other measures too extensive to describe here.

But there is more. In answer to the proposals in which Peru participated very actively, several articles were incorporated for the development and transfer of technology to help the states, and particularly the developing countries, in the areas of exploitation and conservation of resources, scientific research, preservation of the environment, and other related activities such as: technical and financial aid for acquiring and disseminating knowledge, personnel training, the creation of joint companies, the acquisition of equipment and installations, and the establishment of national and regional centers to carry out studies related to the different aspects of marine life.

There is no need to be very imaginative to realize the interest of Peru in using the described benefits. These benefits will also be enjoyed by the other countries of this region, such as Argentina, Brazil, Colombia, Chile, Mexico, and Uruguay. These countries signed the Convention (although three of them opted for the 200 mile territorial sea) and are ready to use the regulations of the Convention to insure the defense of their national interests and to fully carry out their maritime development.

It should also be kept in mind that even if our country did not join the Convention, most of the Convention regulations would all the same represent obligations Peru would have to uphold, as constant general practice by nations would convert them into international law. This is therefore a serious decision from the point of view of its benefits for the country, because if Peru has to abide by the rules established in that treaty, it would illogical and absurd to put the country in a situation that would prevent it from exercising Convention rights and enjoying its benefits under equal conditions with other states.

According to the explanations given in various writings, our country can join the Law of the Seas Convention at any time by attaching to the document a declaration asserting that it will keep without changes Article 54 of the Constitution on state maritime and air jurisdiction from the coast up to 200 miles, as well as the laws and regulations on this matter; and will implement this in a manner compatible with Convention regulations. This means that in Peru there would be no contradiction between the territorial sea and the exclusive economic zone; the country will preserve the integrity of its jurisdiction, and, according to the constitutional article, will exercise in it its sovereignty and jurisdiction without affecting the freedoms of international communications, in accordance with the law and international treaties that were ratified by our state.

It should, therefore, be understood that because of what has been indicated in this long explanation, it is imperative that the Peruvian Government take the necessary steps to have our country join the Law of the Seas Convention, as an inseparable instrument for the progress, prosperity, and well-being of its people.

'New Terrorist Group' Emerges in Yurimaguas

PY1611184894 Lima LA REPUBLICA in Spanish 30 Oct 94 p 25

[Article by correspondent Yashin Salas]

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[FBIS Translated Text] Loreto and Yurimaguas, 29 Oct—In response to reports by the Army intelligence Service that the extremist group Revolutionary Armed Forces of Colombia (FARC) will reportedly try to seize the Peruvian localities of Santa Rosa, on the border with Colombia, a national police contingent from Caballococha was deployed to that zone to prevent incidents.

Meanwhile, in Yurimaguas, active members of a new terrorist group self-styled "Independent Party for Peace, Work, and Union (PIPTU)" [Partido Independiente Paz, Trabajo y Union], murdered a leader of the Provincial Federation of Peasants and Natives of Upper Amazonas, and threatened to kill top-ranking civilian and military officials from this locality.

Reports on the imminent presence of the FARC extremist group in Santa Rosa, in the eastern part of Loreto Department, near the Colombian border, were released by Army Intelligence sources, cited by the Loreto National Radio Coordinating Board.

According to the report, a strong national police contingent from Caballococha, capital of Mariscal Ramon Castilla, in Loreto Province, was moved to the zone to verify the presumed infiltration or the foreign incursion plan by this extremist group.

However, sources of the Iquitos 5th Military Region claim that the objective of this supposed Colombian terrorist mobilization would be to deflect the attention of the border police.

The purpose of this would involve the fact that the mafias of the Colombian cartels—to which this terrorist group is linked—intend to carry out illegal drug operations on the Peruvian side and take the drug aboard planes to their country. These planes would take off from other zones near Santa Rosa.

One cannot rule out the possibility that "drug traffickers," concerned over the withdrawal from those zones of Shining Path and MRTA [Tupac Amaru Revolutionary Movement] columns and encampments, which used to provide security and fight the forces of order in exchange for some share, are now seeking the support of the FARC.

Moreover, in Yurimaguas, hooded members of the supposed new terrorist group which calls itself PIPTU murdered Francisco Torres Pinchi, 76, leader of the Provincial Federation of Peasants and Natives of the Upper Amazonas.

He was murdered last night at approximately 1930, when he was in his house together with his 12-year-old grandson Cesar Guerra Torres.

The grandson, who witnessed the crime, said that his grandfather was attacked by three hooded individuals who, armed with sharp knives, engaged in hand to hand combat with the victim, who also defended himself with a hard object.

Finally, the unidentified individuals managed to stab him furiously in the neck, cutting the jugular vein, which killed him in a few seconds.

Before escaping, the criminals left several pamphlets in the place stating that the attackers are members of the terrorist group, which thus far has not been heard of here or anywhere in the country.

In those pamphlets, which were also distributed this morning in key places in this town, especially in the central market and the Yurimaguas parade ground, members of the supposed terrorist group threatened to kill civilian, military, and local officials.

In their "black list" they sentended to death the following: Nery Salinas Davila, president of the Provincial Federation of Peasants and Natives of Upper Amazonas; Cirilo Torres Pinchi, son of the murdered leader; and reporters Eleodoro Garcia Sajame and Victor Torres Salinas.

Poll: 70 Percent See Economy as 'Not So Good'

PY1611173394

[FBIS Editorial Report] Lima LA REPUBLICA in Spanish carries in its 30 October edition, on pages 27-29, an approximately 800-word exclusive report on the conclusions of a poll conducted by Imase polling enterprise in 12 Peruvian cities during the second half of October.

Compared to the results of the poll conducted in July, the number of people who view the economic situation as not so good increased from 63.1 to 70 percent and the number of people who regard it as poor or very poor dropped from 28.9 to 20.8 percent.

As for terrorism, 89.3 percent believe the situation has improved compared to 1990.

When asked about inflation, 46.6 percent said the current situation is better and 35.9 percent said it is unchanged.

As for drug trafficking, 34.1 percent said the current situation is better and 39.4 percent said it is the same as in 1990. Regarding state corruption, 27.1 percent said it has improved and 46 percent said that it is the same.

Among the subjects people believe have worsened are salaries, 46.4 percent; delinquency, 43.7 percent; and employment, 42.3 percent.

As for the decentralization project, only 13.7 percent believe we are better off now than in 1990, 48.4 percent say we are the same, and 19.1 percent say we are worse off.

Of the total number questioned, 28.9 percent are in favor of privatizing Petroperu [State Petroleum Agency], while 57.4 percent are against it.

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When asked whether they were in favor of privatizing a state enterprise that runs efficiently and yields profit, only 13 percent said they were in favor and 79.8 percent said they were not.

Electricity Firm Privatization Auction Suspended

PY1511204694 Lima EL COMERCIO in Spanish 30 Oct 94 p A1

[FBIS Translated Excerpt] The international auction of the Electric Power Enterprise (Edegel), scheduled for 3 November, has been postponed to give the investors as well as the privatization committee time to further discuss the terms for its transfer to the private sector.

Edegel Director Luis Carlos Rodriguez told EL COMERCIO that "the deadline has been extended to give the consortia time to get reorganized, to seek good additional partners and be in better shape to compete. The deadline we have set is the end of the year."

He disclosed that five consortia made up of French, Spanish, Chilean, U.S., Japanese, Uruguayan, Chilean, and Peruvian enterprises have been preselected to participate in the auction.

Edegel supplies electricity to the Peruvian capital with power generated by the Huinco, Matucana, Callahuanca, Moyopampa, and Huampani hydroelectric plants and the Santa Rosa thermal plant. [passage omitted]

Historian: Economic Model Will Continue 25 Years

95SM0042A Lima SI in Spanish 17 Oct 94 pp 16-19

[Interview with historian Pablo Macera by Victor Carranza; place and date not given: "Pablo Macera: Current Social and Economic Model Is a CKD and There Is No Other at Hand"]

[FBIS Translated Text] [Carranza] What is at stake today in Peru?

[Macera] I can try to give you an answer that is not too pessimistic ... I think that in Peru the economic and social model being implemented will last at least 25 years, with or without Fujimori. The previous bankrupt economic and political models of accumulation, which in the final analysis were manifested in inefficient mercantilist structures and stagnant political parties, did not provide a sure way to achieve growth and development. It should be noted that two sides are to blame for the failure: at the national level, we have the defective behavior of politicians and businessmen who were incapable of creating the conditions for self-sustaining growth; and at the international level, those models were, at the time, the prescription recommended by the IMF, the World Bank, and powerful countries.

[Carranza] Is it not so that the same lack of creativity that led to the compulsive application of prescriptions issued by international organizations is now the Achilles' heel of the current process?

[Macera] Indeed, the current model, like others in their time, is a CKD [completely knocked down], a plan whose inner workings were designed in response to the expectations of international power centers. Therefore, we have no assurance that it will be a success on its own. The problem is, there is no other model available. Practically the only option it offers is outward growth, which should make us more cautious in this whole maelstrom of privatizations and openings to foreign investment. Remember, for example, that Chile's growth is partly due to fear of Peru, and that Ecuador's modernization is partly due to hatred of Peru. Without trying to be chauvinistic, we should not ignore these facts, which have exacted a high price from us. Above all, what about national reinvestment? When I contended that Peruvian businessmen had about $20 billion outside the country, Villegas claimed that it was only $4 billion, and then Fujimori said it was $10 billion. But the important thing here is not the numbers, but the exposure and reversal of that historic trend toward de-accumulation in the behavior of our businessmen. If we cannot do that, we squander yet another opportunity.

[Carranza] Do you think Fujimori, that bewildered candidate who burst onto the political scene in 1990 like the sorcerer's apprentice, without a program or a party organization, stigmatizing Vargas Llosa's liberal platform, was aware of the role he was playing at the time?

[Macera] What happened was that an overwhelming international dynamic that demanded certain economic behaviors and the extreme blockages in a society like Peru's, which has been called a subcapitalist product by analysts ranging from Hernando de Soto to Abimael Guzman, have generated this process that shores up modern forms of capitalist accumulation. It would appear that the political class that is governing us now was not aware at first that it had a specific program for renovation and modernization. And now, under complex preelectoral circumstances, it seems willing to go to any lengths to continue implementing that program.

[Carranza] Perez de Cuellar portrays his candidacy as being at the opposite extreme from Fujimori's, and proposes democratic versions of the current model, with which he basically agrees. What are his chances?

[Macera] His success depends on whether or not he is able to demonstrate beforehand that the democracy he is proposing is not an obstacle to the implementation of the economic model he agrees with, and that his government will not be a weak one. That is why Perez de Cuellar needs to send up smoke signals assuring the institutional "electors" in this process (the Armed Forces and businessmen, not to mention international interests, beginning with the United States) that he will maintain the essential lines of action contained in the current model. None of them would want a weak government. I repeat, the best card Perez de Cuellar could play would be to convince them that he would also run a strong government.

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[Carranza] Could there be a paradox in Perez de Cuellar's discourse between the democratic ideals he espouses and the need for a "strong" government?

[Macera] Personally, I think a country in Peru's position, with a crisis gripping all of its basic sectors and a history scarred by centuries of racism, is almost impossible to govern without dictatorial terms. What matters, as I have repeated countless times, is which social classes the dictatorship serves. A strong government is not necessarily a good government. Strength in and of itself is no guarantee of success; but weakness is an insurmountable obstacle. This is not a subjective judgment on my part, nor am I claiming that authoritarian governments are the only successful ones. I am merely emphasizing historic patterns that have proven effective in the Andean cultures. In any event, the paradox lies in the fact that it is the middle classes that are advocating democracy for the entire nation, while these classes' particular interests are not compatible with the process of accumulation as a whole. Therefore, there is no immediate likelihood that these middle classes will have any influence on the other classes, whether lower or upper. The paradox is that the ideological advancement of these middle classes is having no visible impact on the country's social structure. If they do not create new conditions, their future is uncertain and destined for tragedy. That is not true in other countries, where the middle classes have developed in a manner that has created needs and organic correlations that interact in the productive process. The perception of this development was undoubtedly what caused Alan Garcia to state that the middle classes should be eliminated.

[Carranza] To what extent does this trend erode the effectiveness of the political parties, one of the most expensive products of our middle classes?

[Macera] It is obvious that the political parties of Peru have a future only if they remember their origins. All of them were born of innovative ideological proposals, and in the beginning they represented a recruitment process in which one of the most important requirements was a high degree of ideological knowledge and commitment on the part of the individual. But what they have done since then is to remove ideology from their own parties, creating relationships of conditioned reflexes and patronage that have reduced their own capacity for analysis ... Fujimori did not invent himself. This is also related to the fact that the main electoral choices are candidates without parties, and that the American Popular Revolutionary Alliance (APRA) has about 15 percent and the other parties put together barely account for another 15 percent. Moreover, you must realize that the current candidacies of Popular Action (AP), the Popular Christian Party (PPC), and APRA are not organic alternatives. They are temporary and short-term, and that is why they define themselves as parliamentary options. The revitalization of these parties will involve a generational and ideological recycling that I do not see happening in the near future.

[Carranza] And what are the real chances of the leftist, socialist parties?

[Macera] Their chances are slim in that they do not represent a rising tide. In an international context characterized by the Soviet "walk-over" [in English] and a national context of scattered and fragmented actions, the political parties of the left will have to be on the defensive. For reasons that we are all aware of, I predict that the recovery not only of the socialist program, but also of a national and popular proposal, will require a profound transformation along all lines of thought and action. Will they be up to the task? None of this has necessarily to do with the elections.

[Carranza] As an intellectual tormented by all these situations, are you not tempted to become active in politics?

[Macera] I have a great deal of respect for those who have set themselves goals for political action at the age of 75, 80, or 90. In my case, I am convinced that my duty to others and to myself is not to participate in politics in any way in the last 15 years of my life. Maybe I have more than 15 years left, maybe less, but let us just say 15 years. Because I have come to realize, as many in my generation have, that we have spent our lives on the run, just one step ahead of our pursuers, and, for a variety of reasons, we have not been able to develop fully the corresponding phases of a normal life—adolescence, young adulthood, adulthood—and so I want to live a full and consonant life in my autumn years. This does not mean I am not interested in or committed to Peru's future; but not through politics. I am on the sidelines, and I have nothing to do with any candidacy.

As I leave Pablo's house, I try not to trip on the historical memorabilia that are scattered throughout the rooms of his residence. Outside, as a result of the bombings (part of the power grid has been blown up), the city is half dark.

Need for Dependable Politicians Discussed

95SM0040A Lima QUEHACER in Spanish Jul-Aug 94 pp 4-9

[Article by Manuel Cordova S.: "Rebuilding the Dreams of the Peruvians"]

[FBIS Translated Text] Dr. Javier Perez de Cuellar's return to Peru, his arrival through Puno, and the content of his message have been more powerful and promising than his adversaries, and perhaps even his supporters, had expected.

A hint of perplexity can be detected in the comments of his critics, who are surprised at the itinerary he chose, at the former UN secretary general's obvious decision to avoid the social syndrome of the Democratic Front (FREDEMO), and at the characteristics of his message, which focuses on regional aspirations that could define the outcome of the upcoming general elections.

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This marked the end of the phase when voting intentions were still indicative of a preelectoral period and the president enjoyed the advantage of being virtually unopposed. In March, Imasen conducted a survey in 11 cities in the country, and Dr. Perez de Cuellar turned out to be the winner in a hypothetical second round of voting. But three and a half months later, a new poll revealed that in most of the country, with the exception of Iquitos, the still-absent Peruvian ambassador had slipped.

Naturally, the president's monopoly on the limelight was critical in boosting his numbers, but on the other hand, it should not be concluded that the reelection proposal prospered only because of that factor. Additional factors were the accomplishments that the president can point to, the effectiveness of his Belmont-style campaign (keeping his distance from the economy) in the provinces, with numerous and scattered local projects, and the fact that these elections are unique in that they come amid a cultural change—and therefore crisis—in the country, such that voting decisions will in turn reward the imagination and skill shown by all political actors in recognizing the social and visionary processes of the times.

Economy, Expectations and Aspirations

It is obvious that the economy is the number-one problem among the daily concerns of the vast majority of Peruvians. So far there has been general agreement that much of the support for the economic policy is due to the fact that there is certainty and predictability now that the hyperinflationary chaos has been conquered. But it was still open to question how a program that prolonged the deprivation and extreme poverty could be supported, at least passively, by those who were primarily affected by it.

This is understandable, however, when we recognize that after the 1980s, Peruvian society reined in its dreams and thus avoided the risk of new frustrations. It was not a political apparatus but a cultural device that made possible the dramatic liberal adjustment of 1990. That device, severely critical of the past and devoid of images of the future, contained both the idea of a government that was practically bankrupt and a pessimistic attitude toward collective mobilization. Another important element of the device was confidence in the ascendent leadership of President Fujimori. It can be concluded, then, that it is important to rebuild Peruvians' dreams for the campaigns now under way, that is, to restore the vision of a credible future, which is now replaced in our daily life by an endless succession of multiple todays that inevitably involve sacrificing the future of our children. In its extreme, this is reflected in a phrase that kept being repeated in certain focus groups conducted by Imasen: "The country is okay, but I am not." Without that capacity for an alternative discourse, based also on aspirations for individual mobility and equal opportunity, not much can be done to counteract the force of inertia and the, shall we say, defensive realism created by the crisis.

But this possibility, on the other hand, is now part of a nascent trend in public opinion that has been revealed by successive Imasen surveys conducted in recent months, particularly one at the end of June in greater Lima. On that occasion, respondents were asked what the government considered most important, and as expected, the answers concentrated on "building schools" (69.1 percent). When the respondents were then asked what the government **should** consider most important, schools fell to the bottom of the list and "raising wages" (54 percent) and "creating job programs" (53.7 percent) moved to the top. But then came an additional question: Did the respondents think these actions were feasible. And then, 48.2 percent and 45.5 percent responded positively on the issues of jobs and income, respectively (see Figure 1).

Ironically, then, the harnessing of inflation and showcase achievements like the millions earned on privatizations help undermine the impression of a bankrupt government and turn people's attention toward the government's actions, focusing expectations on the more vulnerable aspects of the economic program.

Now, nothing of what has been said here would be reflected in a message limited to a more decisive program of social assistance to combat poverty, not only because in this area the advantages still remain on the side of those in power, who have the resources to carry out such a program even if only for political reasons, but especially because it is from the perspective of production that a discourse could be articulated to restore visions of the future and cultivate this new cultural receptiveness that seems to be emerging in Peruvian society.

Leadership and Democracy

We were saying, however, that the device that made possible the discipline of the adjustment and the postponement of expectations also required another condition: basic trust in the people in power—in the president—and, simultaneously, the absence of a credible leadership that would encourage society to interpret the economic situation in any other way.

It is well known that in times of crisis public life takes on a new meaning, externalizing the growing distance between the citizens and those in power: It is no longer the place where the collective will and institutional representations operate, but one where society acts vicariously through its leader. The studies conducted by Imasen in the last few years, using qualitative and quantitative procedures, demonstrate that these relations have a complex structure: The empathy with Fujimori initially derived from associating him with what was new—new compared to the discredited parties and the traditional political class—and then it evolved to an impression of the president as effective and decisive in confronting adversaries that people felt were their own, in a style that they could identify with. Without that relationship of trust, there could be no explanation for

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the continued support despite the severe economic shock that marked the beginning of his term.

Incidentally, that relationship fulfilled another function associated with the states of cognitive confusion that go hand in hand with any social crisis. In the absence of solid cultural points of reference, which had been called into question as the experience of the 1980s was abandoned, that basic trust also makes it possible to establish a harmonious relationship with the environs. When the truth and standards of behavior are not socially obvious, then what social psychologists call cognitive dissonance is resolved by giving the leader the power to decide what course should be taken or what is good for everyone and what is not.

But just as it has been said that Peruvians do not have an authoritarian nature, it is inconceivable that this relationship is a magical one that ignores the calculation of the costs and benefits involved in conferring these powers on the leader. In the journal CUESTION DE ESTADO, we discussed the results of opinion polls taken in Lima in 1993 and 1994 on the anniversaries of the events of 5 April. In these polls, the respondents saw the self-coup less and less as a cut and dried corrective measure, and more and more as an act that was both reprehensible and necessary **at the time**. This just goes to show that if at a given moment the population demands a confrontational leadership—which allows it to approve the suspension of the legislature, as it did—at another time it may demand a leadership that exercises authority in accordance with inclusive procedures.

Just as we can speak of a shift of economic expectations, we can also think of a shift of demands in the sphere of the country's institutions and public life, even if these demands are based on considerations not necessarily of democracy, but simply of the unity of Peruvians. Thus, the campaigns that are being launched can help give shape to this process, which has been largely social until now, and reopen a pluralistic array in an area where there has been practically a monopoly on credibility.

Dr. Perez de Cuellar is fundamentally attractive because of his international prestige, but he also brings the advantages of a democratic image that inclines toward the unity of Peruvians and away from the petty little conflicts associated with traditional politics. But for him to crystallize those aspirations presupposes, of course, that he meets some other conditions.

Certainty

In the last few years, amid the insecurity and the tragedy of political violence and hyperinflationary chaos, the public increasingly began to demand certainty, which is one condition for the credibility of any proposal for the future.

The immediate effect is the assessment of the competing alternatives in terms of the signals they send regarding their ability to govern, which means not only their efficacy or decisiveness but also their ability to distance themselves from the pre-90 past, which is synonymous with misgovernment. Voting decisions incorporate that demand to a greater or lesser extent, depending on the segment of the electorate, and for this reason the campaigns in this election will be evaluated on the basis of not only the advertisements they produce but also the certainty that they are able to inspire.

Perhaps that is why, unlike the elections of a few years ago, when Fujimori's success could be attributed to the fact that he was an unknown quantity, some pundits have now suggested that his campaign slogan could easily be "You already know him, vote for him." This might assuage people's fear of other alternatives that, though appealing, are untested and therefore might cause anxiety.

The fact that this demand is still strong—and it should not be seen simply as proof of an alleged "authoritarianism"—is demonstrated by a survey conducted by Imasen in mid-July in 12 cities throughout the country regarding the characteristics sought in a future chief of state. Among the options the respondents were asked to choose from, "knowledge of the country's problems" came in first, being mentioned by 29.7 percent of them. A similar option was "a good government team," which was chosen by 17.4 percent of the respondents. Twenty-four percent said they would like "a man with an iron fist."

But in fact, the value of stability goes beyond the social fears generated by subversive action or the unpredictability of hyperinflation, and signifies a demand for realism, continuity, and governability in Peruvian politics. This means there is little audience for ideological confrontations, ultimatums [convocatorias finalistas], or messianic leaders. In the long run, it is a question of modernizing politics, meaning that the parties can no longer be what they used to be. The choice, given that the elections have come during a transition period, may well be between the assurances given, on the one hand, by an authority whom many now see to be without checks or balances or public control, and on the other hand, by an authority who would act with equal decisiveness and effectiveness but with respect for pluralistic consensus and for our institutions.

Demand for Identity

If we rely on opinion surveys taken over the last year, we see that Peruvians' principal demand today is for jobs. But as we have seen, this is not enough information around which to organize a political message, and this point could be demonstrated ad absurdum if we imagined what the voters would do if **all** the candidates gave priority to job creation. The fact is, people incorporate their specific demands into their interpretations of reality, which are based on their experience, their aspirations and apprehensions, and the relationship they establish with those who are sending the political messages.

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But then an efficient campaign message can only come from an ongoing dialogue with the demands, hopes, and dreams of everyday people, and it puts to the test not just the ability to market the candidate and conduct image studies, but also the very heart of the message, that is, its ability to recognize the underlying processes in a society.

One final theme thus comes into play: The crisis of the times has caused a loss of identity reference points, which have been eroded in a context of disintegration and social fragmentation, and of retreat into a harsh and unequal battle by each individual for his own progress and mobility. But what lies behind that reality is not just the possibility that the neoliberal discourse will capitalize on it, but above all an extended symbolic demand for identity, for a feeling of belonging, and for the recovery of a national shared future.

All of this is in the offing in the campaigns that will be getting under way over the next few weeks. This is not the time to make predictions, which would be risky because, among other reasons, the translation of these processes on the electoral scene will be affected by what each candidate does or fails to do, and by the obvious weight of the government machinery that is tipping the scale heavily in its favor. What we can venture to predict, as we identify the trends that have been taking shape in the country over the past few years, is that these trends could lead to the development of a broad and effective convocation, based on the most progressive aspects of society's visions. This convocation could in turn cultivate extended demands that will have repercussions long after the upcoming elections are over.

Uruguay

Commentary Views Clinton's Situation After Recent U.S. Election

PY1611204594 Montevideo EL OBSERVADOR ECONOMICO in Spanish 12 Nov 94 Weekend Supplement p 8

[Commentary by Andres Alsina: "Clinton Under the Big Stick"]

[FBIS Translated Text] Clinton does not clearly understand: He stated his firm opposition "to reenacting policies that have failed in the past," but he was clobbered in the election. This is the consequence of his disastrous administration; a perception of his team as "nice leftists;" the idea that the president and his wife Hillary represent the counter-culture of the 1960's; an administration dedicated to the memory of John Kennedy, which resulted in continuous hesitations and contradictions; and particularly, the inability of Congress to produce.

The two years left to Clinton as president of the United States promise to be an exercise in impotence—following the Republican Party advances—if the winners manage to implement their interpretation of the vote as aired by their leaders in Congress today: Cut taxes, drastically reduce social programs, and force the federal government to implement a balanced budget. In other words, as it was said today: remodel the North American society.

President Theodore Roosevelt (1858-1909) defined his problems not by consensus but by superiority. History recalls that style as the policy of the Big Stick. What Republicans are ready to accept from Clinton today is a decision to become a good Republican president for the remaining two years of his mandate.

The vote had a strong ideological content and radical positions are having their day among Republicans. Bill Archer, the future president of a congressional commission, said he was ready to cut social benefits to the unemployed who cannot find a job even if it means sending the children he cannot support to a children's home.

The strong middle classes produced this spectacular about turn and left the government unable to operate with minorities in both houses of Congress. Democrats saw their role crash and burn while the conservatives were signing a commitment with America, which must be implemented in the next 100 days and which basically aims at sweeping away all traces of Clintonism.

President Clinton's only hope is to be able to maintain a level of political authority while economic indicators revert the current appreciation of the situation, and groups of Republicans move toward the center. In the United States the middle classes answer to an intricate network of local interests with representatives in both parties.

The cost of reducing taxes, according to the 100-day plan, is $148 billion. There is a breeze of uncertainty sweeping down Wall Street as a consequence of the plan to change the tax system to fulfill the promise of eliminating the profits tax. Voters see a reduction of social assistance in one light and view very differently any changes in current education and health systems.

The basic factor in these changes is, as usual, political. Republicans today do not have an obvious leader and a bloody struggle to create one is already under way. They were able to do that a decade and a half ago—the 1978 midterm elections—when voters punished the government of then-President Jimmy Carter about half as hard as they have just punished Clinton.

On that occasion Ronald Reagan jumped to the fore in the same state of California that today rejected illegal immigrant rights, which prompted Time magazine to make a historic remark: "Perhaps the United States really needs a second-class actor."

Former President Pacheco Addresses Nation

PY1611195794 Montevideo LA MANANA in Spanish 8 Nov 94 pp 2, 3

["Text" of address to the nation by former President Jorge Pacheco Areco, presidential candidate for the

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Colorado and Batllist Movement of the Colorado Party; in Montevideo on 7 November]

[FBIS Translated Text] The guidelines of my conduct are marked by a disinterested devotion to higher national interests, which does not accept election conjectures nor concessions to demagogy. For these reasons I have so far limited my activities in party politics to serving my country, watching over its institutional stability, and helping to make it governable.

I believe the greatest deference a public man can make for his people is to respect their decisions and to avoid obstinate acts that make it impossible for a president—who has been elected in clean elections—to carry out a program, and thus set an example of singular obedience to the natural results of the democratic contest. In this we see the moral principle of co-existence subordinated to all interests other than the superior cause of common welfare.

The achievements that can be presented by the current government have the indelible imprint of our cooperation and support which, I repeat, must be interpreted as a spontaneous and meditated attitude of political responsibility, as support for the institutional system and established order, and as solidarity with the decisions of a sovereign people.

In a hostile world, where great powers protect themselves, I believe a country like ours needs to fully develop its potential if it is to improve its economy and level of life, generate jobs, incorporate technology, and increase its productive activities. I do not believe hampering a process from within is a sensible thing to do.

In our support for the economic policy we have helped to achieve two fundamental objectives: An approach toward a fiscal balance, and to reduce inflation, the pernicious effects of which decimate salaries and foul the currency, thus distorting any stabilization and development program.

As I have repeatedly affirmed: I cannot perceive a true panorama of consolidated progress and welfare without a self-supporting growth strategy; and I cannot perceive the implementation of those objectives without the prior support of a firm and coherent policy of stabilization.

This is why inflation has always been, and always will be, the main barrier that conspires against said undertaking and prevents it from being implemented.

A substantial and permanent cut in superfluous state expenses must be insisted upon as part of the "readjustment" which we have opportunely voted for in accordance with current demands.

This has been our position since the fiscal readjustment was implemented: The resources that result from these savings must be allocated, after deducting resources for investment in the productive area, to basic social areas—health, education, housing, security, and infrastructure.

There is a burning topic associated with the current assault on our society. It concerns risks against life, physical integrity, and assets that citizens are suffering, and it is related to one of the state's most important concerns: The increase in unrestrained crime.

This is why we insist that the police force must be given the necessary resources to efficiently combat crime in exchange for a decent remuneration.

The approval by Congress of adequate legal instruments to punish criminals must be insisted upon to satisfy the just demand of those who feel they are unprotected.

We emphatically affirm there will be no goals of consolidated progress, justice, and social peace without a clear and profound sense of solidarity.

We do not perceive a state that is unconcerned and indifferent to poverty, to the lack of protection, and to unemployment, which, in addition to its intrinsic lack of justice, generates antagonisms that can cause destabilization to the degree that economic, political, and social orders are questioned.

This is why I repeat that health, education, housing, and social security will always be the unavoidable obligations of a state that sympathizes with the anguish of the poorest sectors.

Fellow countrymen and friends: Those who have supported me in the past, during very difficult times, today honor me with their desire to once again accompany me.

I have been, am, and always will be a party man. I feel profoundly linked to the destiny of the party to which I belong. I will continue to work with the same loyalty to the country, knowing that the sentiment of social solidarity of our party will be maintained within the framework of achieving a more just and happy society.

Presidential Candidates on State Reform

PY1611202094 Montevideo BRECHA in Spanish 4 Nov 94 pp 15-17

[Report by Enrique Roldos on the positions and programs of presidential candidates Luis Maria Sanguinetti, of the Colorado Party faction Batlleist Forum; Tabare Vazquez of the Progressive Encounter alliance; and Alberto Volonte of the National Party]

[FBIS Translated Excerpt] [passage omitted]

Big Question

The Broad Front [Progressive Encounter coalition member] is opposed, in principle, to reducing state functions. It understands that "it is necessary that franchises or permits be expressly authorized by law in each case."

The [Batlleist] Forum proposes a series of conditions to decide whether public companies will remain public. Those conditions include the company's importance for

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national sovereignty, the industry's importance as a permanent and irreplaceable state source of income, and the company's monopolistic character. Besides, in some strategic economic areas there are other conditions stressing why some companies should remain public. The state must make opportune and necessary investments, incorporate new technologies, and see that managerial levels are "comparable or superior" to other competing companies in America and the world. The administration must be competitive, just as should costs, quality, and prices. Labor regulations should become more flexible, and companies should have access to the best qualified human resources "competing in salaries and working conditions with private companies."

"If the state is not able to administer these companies according to the conditions mentioned above, it should transfer them to those who can effectively do so, or associate itself with them," the Batlleist Forum's platform says.

[Alberto Volonte's] program Let's Get Down to Work does not address the privatization of state companies or peripheral services. Volonte's program does, however, note with optimism the efficiency of the systems to improve the administration that they are proposing.

State Intervention in the Economy and Mercosur [Common Market of the South]

Our industries are affected by a notorious technological gap. There is an acute loss of competitiveness even in areas using local raw materials. This situation is the result of years of indiscriminate protectionism, and because the state has covered the losses suffered by many companies that have gone broke. The recourse is still being used. One example is the "Jude project" to refinance agricultural debts that Congress is currently discussing.

The Forum "recognizes the usefulness of a progressive opening and of the dismantling of protective mechanisms affecting our national productive apparatus, which are today artificial and excessive." Indiscriminate protection has been, in the Forum's opinion, the reason why our production has not developed, generating the current productive backwardness.

However, most Colorado Party followers reject "extreme proposals that promote a complete state withdrawal and totally doing away with the state."

On the contrary, the Forum says this opening "cannot go further, in each stage, than the opening of our competitors." We must struggle against unfair competition and sponsor "an appropriate alliance between the private and public sectors to invest in technology and commercial intelligence, among other things."

The Forum, then, offers a step-by-step opening conditioned to our partners' reciprocity. The alternative offered by most National Party followers is much more open and unconditional. The Volonte-Ramos ticket thinks the Mercosur process "goes beyond economic dimensions, involving government and congressional political cooperation and justifying the use of the word COMMUNITY." Volonte's program says "Uruguay must think of Mercosur and its global projection in order to integrate with the highest decree of self-determination, transmitting its best values to the whole, taking benefits and benefiting its partners, and managing an adequate incorporation into the third millennium's global dynamism."

The Broad Front looks at the Mercosur process with great mistrust, even though "Mercosur creates expectations and hopes that must be based on a grand social mobilization." The Broad Front says that the Asuncion Treaty [creating Mercosur] is not the result of an agreement between social forces. On the contrary, it is the final result of a series of agreements signed by Presidents Fernando Collor and Carlos Menem years ago.

In order to reverse Mercosur's negative original impact, the leftist coalition [Progressive Encounter—Broad Front] proposes that the state center its efforts on encouraging productive investments in the public as well as in the private sector. Financial policies should support investments by making banks act "at the service of national interests."

Other measures approved by the Broad Front during last June's special congress tend to strengthen the concept of social security solidarity and the protection of workers' rights. The Front will try to prevent Mercosur competitiveness from creating conditions that would equalize salaries, labor rights, and social security at the lowest common denominator.

The coalition will also try to prevent the country's "reduction" by giving "incentives to technological and scientific research and its application in productive areas." Regarding the defense of national territory, the coalition supports the idea of "sponsoring a territorial policy that guarantees the full use of national resources," and "safeguards our ecological wealth and the right of citizens to live in an uncontaminated environment."

Change Now

The three candidates agree—using different words—that the lack of an efficient state administration produces a loss of political legitimacy. The three programs agree on the need to start changing rapidly. The Broad Front thinks it is "necessary to give priority, during the next five years, to a different way of facing the structural reforms that the state needs." Volonte proposes implementing a scheme similar to the one mounted at UTE [General Administration of State Electric Power and Telephones] to improve administration at the state level. The Batlleist Forum demands an increase in state efficiency and "intelligence." The difference depends on maintaining efficiency and understanding and assimilating change, conscious that the state is not static but an organism that seeks renewal. The Broad Front and the

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Volonte-Ramos ticket understand that state reform is a process of renewal, and not the passage from one static position to another.

The Broad Front understands state efficiency in terms of social interest more than in terms of the economic profit it might produce. ("The public logic is organized around social interests, and profitability is subordinated to it.") We can think about activities that do not produce a profit, or activities that produce a deficit, but which are efficient because they fulfill their objectives. The Broad Front defines efficiency as the process based on "a development project for wealth creation and distribution." The central items of this project are productive development, wealth redistribution, growth with justice (housing, health, and education), support of regional development without hindering national development, and support of science and technology, sustainable development, and the fight against corruption.

Volonte's program Let's Get Down to Work proposes "a cultural change throughout the organization, resulting in an administration of quality." The change would be accomplished by "stimulating competitiveness among state units," "promoting responsible attitudes and bonus and punishment mechanisms" and "evaluating results."

The Batlleist Forum thinks that in order to act on the bureaucratic apparatus it is necessary to have accurate, systematic, and updated information and "develop our own evaluation based on levels of excellence." Volonte proposes starting the change process with "a first stage that defines the origin of the situation (introspection) where each one of the multiple units comprising the state bureaucratic conglomerate will review the objectives for which they were created, whether they are fulfilling those objectives adequately, and what tools they currently have for the purpose." After this task is honestly finished, the information will be put together, compared, analyzed, and complemented with "comparable experiences and new technologies." The Batlleist Forum also proposes "getting acquainted with and using national and international external analytical capacity," in obvious reference to consulting firms, and "getting acquainted with successful experiences in other situations." [passage omitted]

State and Private Companies

The Batlleist Forum says there will be a "new equilibrium" as a consequence of "the process to deepen and improve the opening of the Uruguayan economy at a time of increasing competition with products from other countries and regions."

This equilibrium between state and private companies will be possible with "a stable framework of rules of the game" to deal with the legal discussion of private property; internal costs (including salaries and social security contributions); the type, quantity, and quality of available services; and their incidence in companies' internal costs.

The existence of a trustworthy framework will permit private companies to introduce technological, organizational, and administrative innovations because they, the Batlleist Forum says, "are the main actors in the effort to define new ways of entering into the international market under competitive conditions."

But "private decisions to adapt to the new environment, including investments, require a framework of stability that only the state can provide through the implementation of appropriate policies." The Batlleist Forum's Program 2000 proposes "public actions and investments to strengthen the credibility of the rules of the game and to insure the stability of those rules as 'state' policies (as opposed to 'government' policies which are transitory in principle)."

Regarding the retooling of companies to improve their competitiveness, the Batlleist Forum—without giving details on the amount of money it proposes to use for that purpose—will stimulate this "through public investment in infrastructure, credit, and temporary compensation."

The Broad Front thinks state reform depends on the economic, social, and development model that is adopted. The Front is not indifferent to the roots of the scheme. The Progressive Encounter leadership maintains that state reform should be promoted by "social and political relations headed by the large national majorities."

One example of the point of view mentioned above is contained in the proposal for a National Fund for Economic Recovery presented by the Broad Front to the Senate in June 1994. This fund would have the purpose of facilitating the creation and reopening of industrial installations, the repopulation of the country, the search for adequate profitability in agricultural activities, and rural and industrial company retooling, placing these activities in the situation of "stable viability." The project proposes the creation of a fund with resources provided by the executive branch, the Central Bank, and the Bank of Uruguay [BROU]. The proposal says the BROU could contribute up to $200 million which is today invested abroad, the Central Bank could contribute the equivalent of 500,000 troy ounces of gold, and the executive branch could provide up to 1 percent of GDP.

Volonte's program Let's Get Down to Work understands that the state should provide a variety of services to the private sector. The program says that "the public sector's role will be to complement private companies's actions in areas where private companies do not have the necessary scale." The state will provide the adequate infrastructure, and will train human resources for a better entrepreneurial development. Within this concept "obtaining and distributing information on external markets, and facilitating contacts between them and local entrepreneurs" will also be important.

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State support of private companies will only include self-sustainable proposals and companies "whose viability in normal times is without a doubt" or companies "that are involved in retooling processes implying clear competitiveness in the future." Small and medium-sized companies will also have access to credits through differential policies.

The state will create safeguards to prevent private initiative from leaving the normal path and indulging in "savage capitalism." To this purpose the state will design, among other measures, "ways and mechanisms to preserve the environment." This group of policies will be accompanied by policies aimed at helping "those who—as in any society and for different reasons—do not earn on their own enough to cover their basic food, health, and housing needs." [passage omitted]

Further on Presidential Debate

PY1611230894 Montevideo EL OBSERVADOR ECONOMICO in Spanish 9 Nov 94 p 4

[FBIS Translated Text] The presidential debate on 8 November between [Colorado Party] Batlleist Forum candidate Julio Maria Sanguinetti and Progressive Encounter candidate Tabare Vazquez was punctuated by mutual criticism, reproaches, and cross-questioning.

Neither candidate seized the opportunity to expound on proposals nor to deeply question the National Party's administration.

As announced, State University Rector Jorge Brovetto acted as moderator in the debate held at the Channel 4 studios, although it was also broadcast by private television channels and several radio stations.

Kicking off the debate, Vazquez mentioned three aspects in which his program was different from Sanguinetti's—namely, macroeconomic indicators, sustained development, and social development. He stated that as the IMM [Office of Montevideo Mayor] has "achieved these objectives, we are credible."

Vazquez also questioned the Sanguinetti administration's economic policy. He said: "During the period 1985-1989, production was very low on the list of government priorities and financial capital enjoyed every privilege. That model was similar to now." He accused Sanguinetti of paving the way for the current exchange lag.

Sanguinetti replied that he felt at ease with the assessment of "our administration. He (Vazquez) refers precisely to an area which we feel was one of our strong points."

Citing figures from his administration masterfully, Sanguinetti contended that the GDP grew by 20 percent and real wages increased by 30 percent.

Addressing Vazquez, Sanguinetti stated: "You are comparing a municipality with a national government, which considers the entire economic reality of the country. They bear no resemblance at all." He recalled: "We all heard him promise 12,000 new houses, but they are nowhere to be seen."

The leader of the Batlleist Forum considers "there is no doubt whatsoever" about the expansion in our exports and about the increase in real wages. He further added that with regard to housing, "if we were to compare all municipalities, I would venture to say that this is the only point which, in my opinion and with all due respect, should be left out of his discussion."

He stated: "The Marxist interpretation (of society) has been defeated by history, yet you keep insisting on the Marxist model and on Lenin's principles."

Sanguinetti recalled the remarks not long ago by [Socialist Party] Senator Reinaldo Gargano to the effect that "the world should seek to do away with the exploitation of men by men and with private property."

When it was his turn to speak again, Vazquez refused to engage in a philosophical debate, arguing that Sanguinetti "is not credible."

Vazquez, with irony and smiling a lot, said: "Dr. Sanguinetti did not pursue his proposals when he was in a position to do so and he has now lost much credibility."

"Not even in sectorial policies does Sanguinetti have any credibility," he said, adding: "Our proposal for youngsters includes creating new jobs and fostering cultural and recreational activities. The IMM hired 2,500 youngsters either by means of a draw or by competitive exams; they paid no bus fares to go to school; (...) under Dr. Sanguinetti, however, they were the target of mass roundups [razzias], which were unconstitutionally implemented through a decree issued during the military regime."

Vazquez also challenged Sanguinetti's labor policy. He recalled that the former president "stated publicly that the government had never been defeated in a strike," adding that "being victorious over workers in a strike is tantamount to cutting their wages, their family income."

Taken aback by Vazquez's thrust, Sanguinetti retorted: "All this vitriolic criticism of the previous administration shows we are now face-to-face with a very different Dr. Vazquez from the calm and gentle person we are accustomed to."

He recalled that the education budget was increased by 56.5 percent. Concerning pensioners, he argued that "there was a final fact, a final figure—a 47 percent increase in pensions in real value during those years."

Sanguinetti said: "The remark he reiterates to my face is not exactly as he cited it (...), it was a very difficult moment, the democratic government was constantly under fire."

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As for the roundups, Sanguinetti acknowledged that "it was a procedure that the police suggested at a moment when a major amnesty had been declared for prisoners."

He contended: "The confrontation style Dr. Vazquez now sports leads us back to the first question. It has to do with Marxism, which is a real concern."

Sanguinetti added: "How can one remain indifferent to the issue of whether a government is Marxist."

He said: "There must be a reason why the Sao Paulo Forum—in which the Broad Front will participate—will be held here next March or April. Terrorist organizations are part of the Broad Front. This is why we saw you outside Filtro [Hospital, on the day three alleged Basque Fatherland and Liberty terrorists were extradited to Spain] encouraging those radical sectors, which unfortunately have not disappeared from our country."

Concluding, Sanguinetti said: "Regrettably the Broad Front is not prepared for current times, because when one lauds violence and violent people, one is not prepared for today's reality."

He stated: "Today, integration is being implemented and we must integrate with Brazil, which has just had to choose between a social-democratic model and a Marxist model; and [Luis Inacio] Lula [da Silva] was rejected."

In his opinion: "We must motivate the country through an industrial reform, we must transform the new Uruguay, we must implement all those sectorial policies."

The Remarks: Tabare Vazquez

"When we were in charge of the departmental government we did what we said we would do. We are believable."

"Julio Maria Sanguinetti and the Batllist Forum have proposed a model for the country that is similar to ours, a model of a productive country, a model of an exporting country. Sanguinetti headed the government 5 years ago. Our question, with all due respect, is why did he not implement his model."

"Sanguinetti's model of leadership, like the current government, implies privileging the financial system and not the productive system."

"Neither the Progressive Encounter nor the Broad Front have defined themselves as Marxists, but Sanguinetti's obsessive attitude takes him back to other times."

"We want to discuss the problems of Uruguayans, he wants to discuss philosophy."

"When we ended our government we had the support of 42 percent; Sanguinetti concluded his government with 20 percent."

"[Hugo] Batalla was the first person to approve the joining of the MLN [National Liberation Movement-Tupamaros Faction] with the Broad Front without any conditions."

Julio Maria Sanguinetti

"He is very optimistic when he says he carried out everything he promised."

"I allow myself to doubt the program" he describes regarding a reduction of the garbage dumps. "He promised to eradicate, not to reduce."

"We all heard him promise 12,000 houses, but the 12,000 houses have not appeared."

Regarding the cadastre, "there was no rule, regulation, or law that was not known (...) he was continually losing and in contempt of the law."

"Reality cannot be interpreted under a Marxist doctrine in an open world like the current one."

"The Marxist interpretation has been defeated by history (...) Cargano said he believes the world tendency is to eliminate the exploitation of man by man and private property. We are not listening to bygone statements. Gargano said this a week ago."

"Marxism is a concern. It concerns me and the citizens of this country."

"Here it is not a question of two persons face to face, it is a question of two ways of seeing the world, two ways of seeing reality, and two ways of seeing the country."

Some Clues

The confrontation among the managements of Sanguinetti's government and the mayoral administrations of Vazquez and the Colorado Party.

The questioning on respective credibility.

The mutual accusations regarding their failure to implement their election promises.

Marxism.

The mutual disqualification as a modern alternative and an expectation of coming power.

The absence of concrete proposals and the lack of discussion about programs.

An unexpected harshness toward and lateral innuendo against the current National Party government.

'Most' Political Parties Sign Governability Pact

PY1611224094 Montevideo EL OBSERVADOR ECONOMICO in Spanish 11 Nov 94 p 3

[FBIS Translated Text] Most of the political groups have signed a document that does not contain many concrete definitions, but commits them to guarantee governability for the party that wins the national elections.

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The most outstanding point of the agreement is to gradually increase, in real terms, the budget appropriation for public teaching. It was established that the increase should be established "according to the country's economic evolution."

The document expresses willingness to implement reforms on various fronts, such as the state apparatus, the social security system, penal legislation, credits, competitiveness in the productive sector, and the administration of public companies, among other things.

The document, however, does not specify what criteria or instruments will be used to implement the reforms.

The document says that the groups signing it will make an effort "to ensure for the country a national agreement to permit governability and to deal with state policies aimed at solving priority problems."

The document says that in order to achieve this objective, a reform of the political system is necessary "to give it clarity and credibility" and to ensure "better relations between public branches, strengthen the principle of representation, and permit the adequate operation of the political parties."

The document also requests the participation of the most important social groups, and commits the participants' joint efforts to ensure "modernization," "the rationalization of services," and to "improve the public companies' administration," among other objectives.

The document ends with a commitment "to a continuous struggle to solve social problems provoked by poverty and marginality, in order to satisfy, with equality, the present and future generations' needs in the area of development and environment, reiterating the principles of equality and solidarity."

The idea to promote this agreement was launched weeks ago by the presidential candidate for the Wilsonist sector [Blanco Party faction], Carlos Julio Pereyra. It was welcomed by all presidential candidates with the exception of Tabare Vazquez, the candidate for Progressive Encounter.

The Christian Democratic Party, however, signed the document even though it support Tabare Vazquez.

EU Document Seeks 'New Relationship' With Latin America

PY1611212394 Montevideo EL PAIS in Spanish 4 Nov 94 p 8

[FBIS Translated Text] Uruguayan Foreign Minister Sergio Abreu yesterday received an EU document which outlines bases for relations between the EU and Latin American countries.

The document was handed to Minister Abreu by German Ambassador Ludger Buerstedde. It was approved by the EC on 31 October and will be delivered to all Latin American foreign ministries.

Buerstedde told EL PAIS that the document outlines the EU desire for a new relationship with Latin America.

The German ambassador added that this basic document is the first to echo the spirit of the Maastricht summit at which it was decided that EU countries should reconcile their foreign policies.

He explained that, following the so-called "lost decade," the EU is sending signals to a continent that has undergone radical changes.

Buerstedde said EC Chairman Jacques Delors' recent Latin American tour, during which he underscored the development of integration processes like Mercosur [Common Market of the South], is an example of the new approach.

He added that from the very beginning the EU has supported Latin American regional integration processes, particularly Mercosur.

The basic document on the EU's relations with Latin America and the Caribbean acknowledges the similarity of cultural, spiritual, and historic roots, and shared values like respect for human rights, freedom, and the state of law.

The document praises the efforts being made by Latin American countries to modernize their institutions and to shore up economic openings and freedoms.

It also emphasizes the fact that "Armed Forces are under the control of constitutional civilian authorities," and participate in peacekeeping operations monitored by international organizations.

The EU document extols the key role the OAS and the United Nations play in the quest for peace, and acknowledges Latin America's efforts to "cope with current global challenges."

It proposes "broadening dialogue and cooperation among the EU, the Rio Group, and Mercosur by increasing cooperation in many fields. [no closing quotation marks as published]

French Citizen's Asylum Petition Rejected, Extradition Upheld

PY1611022994 Montevideo Radio Carve in Spanish 0000 GMT 16 Nov 94

[FBIS Translated Text] The Foreign Ministry announced tonight that the executive branch has rejected the petition presented by French citizen Jacques Medecin to annul a resolution rejecting his application for political asylum.

It is worth recalling that some time ago the Foreign Ministry adopted a similar position in the case of the ETA [Basque Fatherland and Liberty] militants.

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The official communique says that the government position was consistent with previous positions on the subject, and based on equal and strictly legal considerations.

The executive branch cannot use the mechanism of political asylum to ignore court decisions in extradition cases made in accordance with our laws and our international commitments.

Interpol spokesmen told Carve that in the next few hours, perhaps at noon tomorrow, Medecin will be flown to France on a regular commercial flight.

Venezuela

Foreign Minister Discusses Regional Integration, Miami Summit

PY1711005494 Montevideo LA MANANA in Spanish 11 Nov 94 p 29

[FBIS Translated Text] Miguel Angel Burelli Rivas is a diplomat with a long career in the service of his country and Latin American integration. He has always worked to further development.

The Venezuelan foreign minister said: "Integration must guarantee the well-being of an increasing number of citizens who expect real improvements in their lives. We are witnessing the sustained growth of the continent's population, and there is a consequent and just demand for better standards of living. It is here that we, politicians, can produce our best legacy, a legacy of prosperity for our peoples."

With respect to the experience of regional unified economic criteria in Latin America, Burelli said: "I am a firm supporter of these types of commercial achievements. We have recent and very fruitful examples in this area. I could mention the progress made in this area by Colombia and Ecuador. These countries currently have a trade exchange of $2 billion."

The Miami Summit

Our countries are looking forward to the upcoming presidential summit in Miami. Venezuela will make a concrete contribution on integration: "My country is convinced of the need to strengthen cooperation programs. In the summit we will request a decision on the suitability of linking the different integration processes."

"Our goal stresses other experiences, such as Mercosur [Common Market of the South] or the Andean Pact. We must improvise, using your experiences as a guide. Integration must be done the way you have begun to do it."

Mercosur: Humanized Integration

Burelli's opinion of Mercosur was particularly stressed: "According to our vision, Mercosur will humanize and rationalize the region because it takes into account not only economic possibilities, but also your countries' social and education integration, which is so important." LA MANANA asked Burelli about a report on his government's desire to join Mercosur. Burelli said: "With respect to some remarks attributed to me by the media, according to which I am negotiating Venezuela's entry into Mercosur during this trip to the south, I must clearly state that I have not made any such remarks and that the report is not true. Brazil invited Venezuela and Colombia to establish a free trade zone between the Andean Pact and Mercosur."

"We are studying that proposal with the appropriate interests, because Venezuela and Colombia participate in other integration projects and must adequately weigh this possibility, looking at it with the same noble purpose that your countries have with your own projects in this new era dominated by the culture of integration."

Entrepreneurs and Politicians

At the end of the meeting Burelli Rivas was asked about the role of entrepreneurs and politicians in this integration process.

"Well, I think if entrepreneurs produce more, politicians will have better possibilities to implement economic plans, improve living conditions, and offer the largest number of goods to more broad sectors of the population."

LA MANANA asked Burelli how solid the Mercosur "project" is perceived to be. Burelli said: "Mercosur is a very well-structured integration project. The ideal in this era of integrations will be accomplished very soon: A thin thread will start linking all integration projects. This is what we are analyzing here at ALADI [Latin American Integration Association]: the establishment of links between integration processes. This is why we have insisted on it so much. Mercosur has turned the utopian goal of integration into something possible and real."

Ministers, Other Officials Meet To Discuss Issues for Miami Summit

PA1611173794 Caracas EL GLOBO in Spanish 15 Nov 94 p 6

[Report by Laura Weffer Cifuentes]

[FBIS Translated Text] The main issue, but not the only one, Venezuela will take to the hemispheric summit is still corruption. The following officials met at the Yellow House yesterday to fine-tune certain points: Foreign Minister Miguel Angel Burelli Rivas; Bank Superintendent Tesalio Cadenas; Justice Minister Ruben Creixems; Development Minister Alberto Polleto, who is also president of the Foreign Trade Institute, Corpoturismo [Tourism Corporation]; Director Herman Soriano; Family Minister Mercedes Pulido; and Energy and Mines Minister Erwin Arrieta.

These government officials presented their proposals during this first of a series of meetings that will be held until early December.

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"Venezuela will propose at the presidential summit in Miami the fight against poverty, because the globalization trend will globalize the crime of corruption as well," Creixems said, adding that proposals for judicial cooperation agreements are being studied.

Among the main issues are a review of extradition treaties so as "to limit the temptation of granting political asylum to individuals who have not committed political crimes and a review of banking confidentiality, which often obstructs investigations into sudden and suspicious wealth."

Concerning bank transfers, Cadenas said the information they will yield is necessary, as will be anything related to money laundering and banking confidentiality. He added, however, this is "just the beginning. These are principle declarations to which the corresponding mechanisms will be applied later."

The commercial aspect was not neglected either. Poletto said it is imperative to reach a commercial integration "in a progressive and negotiated manner," not in an arbitrary way, because "the situation of countries with lesser global development should be recognized."

Another issue he believes should be studied more carefully is the link between commercial protectionism and the environment.

It is important to "consolidate all integration agreements," and that point was the goal of a trip Poletto made recently, being aware of the assistance of five countries as a bloc. [sentence as published]

Meanwhile, Arrieta commented on energy, hemispheric security, and strategic resources. "The goal is to strike a balance, because there is an asymmetry between wealthy and poor countries." This issue is a logical choice for discussion at the summit.

Miguel Angel Burelli Rivas, who just arrived from a tour of Uruguay and Paraguay, said Venezuela should stress at the summit social issues and, of course, a project to fight corruption.

He signed agreements in Paraguay on phytosanitary permits, cooperation between diplomatic academies, aid to universities, and intensification of economic, tourism, and cultural ties.

In Uruguay, Burelli discussed the possibility of building a refinery in that country from which Venezuelan products would be distributed to the southern market, "which is undoubtedly immense," he added.

The foreign minister said the meeting on security at the Colombian-Venezuelan border will be held on 18 November in Puerto Ayacucho.

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